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Pope Assails 'Errors'

He Begins Tour In Venezuela, Explains Synod

By Don A. Schanche

CARACAS—Pope John Paul II has begun his sixth visit to Latin America with a condemnation of radical elements of liberation theology and an explanation of his unexpected call for an extraordinary synod of bishops.

The synod will be a confirmation of the Second Vatican Council, the pope told reporters as he flew to Caracas.

To critics of his conservative philosophy who feared that the purpose of the synod might be to limit some of the reforms drawn up 20 years ago by the council—or Vatican II, as it is often called—John Paul II scoffed that "people looking backward don't see progress."

Cardinal Agostino Casaroli, the Vatican secretary of state, said that the pope firmly supports the decisions of Vatican II and did not seek to alter the reforms. In his remarks on the plane, the pope added that the purpose of the synod would be "to hold the line, the orientation of the council."

"I am convinced that, through the council, the Holy Spirit spoke to us," John Paul said.

In a speech to Venezuelan bishops, the leader of the world's 795 million Roman Catholics pleaded directly into one of the most burning of church issues.

He admonished the bishops to discipline what he called "erring" priests who "disfigure the gospel message, using it at the service of ideologies and political strategies in search of an illusory earthly liberation."

His reference was to specialists in the "theology of liberation," leaders of a movement in the church—particularly in the Third World—who have been cautioned by the Vatican against allowing Marxist concepts and modes of thought to "corrupt" the social and religious work and the message of the church.

The pope sternly exhorted the bishops to be vigilant "in order to remove from the flock the errors that threaten it—a delicate duty, which requires a special pastoral tact, both in order to win over the errant and to prevent the faith of the community from being damaged."

John Paul added that "unfortunately there are not lacking those who, abusing the mission to teach what they received from the church, proclaim not the truth of Christ but their own theories, at times in open contrast to the magisterium of the church."

He asked the bishops to firmly correct those priests and theologians who, he believes, have strayed from "correct doctrine," and to "above all, impede he who abuses the authority received from the church."

It was John Paul's 25th trip away from Italy since he became pope in 1978. He is to remain in Venezuela until Tuesday, then fly to Ecuador for a little more than two days before proceeding to Peru.

The pope received an enthusiastic reception in Caracas.

Soldiers of the Indian Army marching during the Republic Day parade in New Delhi. Page 5.

INSIDE
President Reagan will fight Senate Republican efforts to cut military spending. Page 3.

BUSINESS/FINANCE
OPEC ministers are again trying to reach an agreement on pricing. Page 9.

TOMORROW
The State Department soon will give Congress a report on drug trafficking that could determine which nations receive U.S. aid.



Pope John Paul II is applauded by Venezuelan bishops before admonishing them, in a speech in the Apostolic Palace in Caracas, to discipline "erring priests." On Tuesday, he is to fly to Ecuador for two days, then go on to Peru.

Palace in Caracas, to discipline "erring priests." On Tuesday, he is to fly to Ecuador for two days, then go on to Peru.

Mandela Offers Truce if Pretoria Talks

By Alan Cowell

JOHANNESBURG—Nelson Mandela, South Africa's most prominent jailed nationalist, was quoted in a rare interview as saying his armed followers would call a truce in their war against white rule if the authorities would "legalize us, treat us like a political party and negotiate with us."

"Until they do, we will have to live with the armed struggle," said Mr. Mandela, who is regarded by many blacks here as their true leader. He was quoted by Lord Bethell, a British member of the European Parliament, who talked with Mr. Mandela earlier this month at Pollsmoor prison in Cape Town.

The interview appeared in a London paper, the Mail on Sunday. Mr. Mandela had been allowed to give a newspaper interview in prison only once before, in the 1960s.

The recent interview presented a picture of a thoughtful, studious man who regretted violence but felt forced to advocate it by the policies of the white government, and of a man who has lost no defiance or commitment to his cause during his imprisonment.

Mr. Mandela said his organiza-

tion, the African National Congress, would not halt its campaign of sabotage "unconditionally." The South African government demands that the ANC abandon violence before any negotiations can take place.

The prospect of discussions currently seems remote, since the authorities regard the ANC as a severe and Soviet-inspired threat to their continued supremacy and rule out its other conditions for negotiations, such as demands for the release of Mr. Mandela and other political prisoners.

The South African authorities have not said why they agreed to permit Mr. Mandela to be interviewed by Lord Bethell.

Mr. Mandela, 67, is serving a life sentence, imposed in 1964, for sabotage and for plotting a violent revolution. He already was in jail for other offenses when the sentence was handed down.

Lord Bethell described him as "a six-foot tall, lean figure with silver hair, an impeccable olive-green shirt, black shoes and well-groomed navy blue trousers."

His manner, Lord Bethell said, was more self-assured than that of his keepers.

By South African law, Mr. Mandela—like his wife, Winnie, who is a "banned" person living under severe restrictions in the remote town of Brandfontein—may not be quoted in South Africa.

In the interview, Mr. Mandela said that the ANC, outlawed since 1960 in South Africa, had been forced into "armed struggle" by the government's attitudes. He depicted the war fought by his exiled countrymen, however, as having "certain limits."

"We go for hard targets only, military installations and the symbols of apartheid," he said, referring to the policies of racial compartmentalization in South Africa. "Civilians must not be touched."

He expressed deep regret over the explosion of a car bomb outside a military headquarters in Pretoria in May 1983 in which 18 persons were killed, many of them blacks.

Mr. Mandela said he had rejected an offer of freedom that was tied to the condition that he live in Transkei, the tribal homeland for Xhosa-speaking people.

"If I was released I would never obey any restriction," he said. "If they confined me, for instance, to

the Cape area, I would break the order and walk to my home in Soweto to be with my wife and daughter."

South Africa's security police maintain that there were strong ties between the African National Congress and the banned South African Communist Party.

"Personally I am a Socialist and I believe in a classless society," Mr. Mandela was quoted as saying. "But I see no reason to belong to any political party at the moment."

Referring to prison conditions, Mr. Mandela, a lawyer by training, said there was insufficient privacy for his studies, as well as censorship of mail and limitations on who could visit him.

But in comparison with his years in prison on Robben Island, where he said he was subjected to physical assaults, hard labor and psychological persecution, "the food is good, and there are no problems with the staff, racial or otherwise" at Pollsmoor, Mr. Mandela was quoted as saying.

"I am in good health," he said, according to the interview. "It is not true that I have cancer. It is not true that I had a toe amputated."

Reagan Hopes V-E Ceremonies Will Avoid Hate

The Associated Press

WASHINGTON—President Ronald Reagan says he hopes that celebrations commemorating the end of World War II will not be "recalling all of the hatred" of the era.

Mr. Reagan also said Saturday that after attending a May 24 economic summit meeting of Western nations in Bonn, he would stay over for "a couple of days" on a state visit to West Germany.

But the White House spokesman, Larry Speakes, said the trip may not extend to May 8, the anniversary of V-E Day—a victory in Europe over the Germans in 1945.

Mr. Reagan said his state visit "will be close enough to the time that, I think, that if there's any observance it would be there and with our hosts, the German government."

U.S., Soviet Will Resume Weapons Talks March 12

By David Hoffman

WASHINGTON—The United States and the Soviet Union have announced that negotiations on nuclear weapons will resume March 12 in Geneva.

President Ronald Reagan said Saturday he would seek an agreement on arms reductions during his second term but that the effort might take longer than four years.

"I wouldn't try to confine it to four years, because I know how long negotiations have taken with them," Mr. Reagan said in a White House interview with radio correspondents.

The three-tiered negotiations are to deal with long-range missiles, medium-range missiles and space weapons. Talks on both categories of missiles were suspended in 1983 after the NATO deployment of U.S.-built Pershing-2 and cruise missiles in Western Europe.

The space weapons talks are a new category of talks. The Russians want to block Mr. Reagan's space-based missile defense system, now in the research stage. Mr. Reagan has said the nonnuclear missile defense, known as the Strategic Defense Initiative, eventually could make nuclear missiles "impossible and obsolete."

The announcement was made simultaneously by the White House and the Kremlin. The U.S. delegation, announced Jan. 18, will be headed by a Washington attorney, Max M. Kampelman, who will also represent the United States at the space arms talks.

The other negotiators will be former Senator John G. Tower of Texas on long-range missiles and a career diplomat, Maynard W. Glitman, on medium-range missiles. Paul H. Nitze and retired General Edward L. Rowley, the former negotiator for long-range missile talks, will be advisers to Secretary of State George P. Shultz.

Officials also said Saturday that Mr. Kampelman's deputy in the talks on space weapons would be Henry F. Cooper, an official at the Arms Control and Disarmament Agency.

The Soviet negotiating team will be headed by Victor P. Karpov, who previously headed the Soviet delegation to talks on curbing long-range missiles. It also will include Yuli A. Kvitsinsky, who, as chief Soviet negotiator for medium-range missiles, worked on the "walk in the woods" formula with Mr. Nitze that later was rejected by both governments.

The third Soviet negotiator will be Alexei A. Obukhov, deputy chief of the U.S. desk at the Soviet Foreign Ministry, who took part in previous talks on long-range missiles.

After the announcement that negotiations will resume, Mr. Reagan was asked in the interview with seven radio correspondents whether he agreed with Mr. Nitze's assessment that prospects for an agreement were better than in the past but not "very good."

Mr. Reagan said "I can understand that" because Mr. Nitze was a veteran of past negotiations in which the U.S. has "gone to the table and come away without anything that was of really any great importance."

"I, on the other hand, tend to be a little more optimistic, not euphoric," he said. "I, too, know how tough this is going to be. But at least it is the first time that I can recall the Soviet Union openly themselves saying that they wanted to see the number of weapons reduced and have even gone so far to say what we have said, that they would like to see the elimination of nuclear weapons entirely."

A White House official said that the two nations were going into the talks with differing views about "linkage" between each set of negotiations.

Search for Security:

A Case for Space Arms

The case for developing a space-based defense system is made by Zbigniew Brzezinski, Robert Jastrow and Max M. Kampelman, who is heading the U.S. delegation for arms talks with the Soviet Union. Page 4.

The U.S. position has been that they are "interrelated," but that agreement in one area does not necessarily have to await agreement in others. Statements by the Soviet press agency Tass have indicated that Moscow believes there will have to be agreement in several areas at once. The question was left ambiguous in the statement issued by Mr. Shultz and the Soviet foreign minister, Andrei A. Gromyko, after a meeting in Geneva early this month.

Moscow Says Talks Related

Seth Mydans of The New York Times reported from Moscow: The Soviet Union said Saturday

that agreement on arms control could be achieved only if the proposed separate talks on space weapons, strategic arms and medium-range arms were interrelated.

In announcing that negotiations will open March 12, a Soviet spokesman, Vladimir B. Lomeiko, stressed the linkage on which the Soviet Union has insisted all along.

He also repeated a warning by Mr. Gromyko that continued deployment of medium-range nuclear missiles in Western Europe would "put the talks in Geneva into question."

"This is a serious warning," he said.

Mr. Lomeiko said success at the negotiations would depend on how closely the two sides followed the agreed agenda in both substance and form.

The agenda, agreed upon in the Geneva talks between Mr. Shultz and Mr. Gromyko, said the three subjects to be dealt with would be "considered and resolved in their interrelationship."

This is a phrase that the Soviet (Continued on Page 2, Col. 5)



The Soviet Union has named its three chief negotiators for the new round of arms talks with the United States. They are Victor P. Karpov, above left; Yuli A. Kvitsinsky, right; and Alexei A. Obukhov, lower left.

France Says General's Assassination Was First by New Terrorist Alliance

By Joseph Fitchett

PARIS—The assassination of a Defense Ministry official was the first murder carried out by a new alliance of terrorist groups in France, Belgium and West Germany, French officials said Sunday.

The groups that have joined forces are Direct Action in France, the Red Army Faction in West Germany and the Fighting Communist Cells in Belgium. All are believed to have relatively few members.

Direct Action claimed responsibility for the slaying Friday of Brigadier General René Audran, 55, who supervised international arms sales at the Defense Ministry.

Direct Action said in a statement to news organizations that General Audran had been killed by the "Eli-sabeth van Dyck command." Miss van Dyck was a Red Army Faction member killed by West German police in 1979.

In recent months, the three groups have waged a sabotage campaign in Western Europe, planting bombs at industrial companies, particularly computer companies, and at military facilities including North Atlantic Treaty Organization installations. The bombs caused extensive damage.

"We think it is a desperate final spasm of anti-Western terrorism which has been largely brought under control in Europe," a French security official said. But he acknowledged that these groups could prove hard to neutralize completely.

The Socialist government in France has frequently been criticized for laxness on security issues. The leaders of Direct Action—Jean-Marc Rouillan and Nathalie Menigon—were released from French prisons in an amnesty after President François Mitterrand's election in 1981. Both remain at large, reportedly in Belgium.

A revival of terrorist activity was predicted last week by West German officials who said they had discovered definite links among the French, West German and Belgian groups.

In shooting General Audran, the extremists seemed to be adopting the urban guerrilla tactics used by

Italian and West German activists in the 1970s when the Red Brigades and the Red Army Faction were major terrorist organizations that posed serious threats to political stability in Europe.

The new group, however, lacks the sophisticated organization and the network of sympathizers that existed before police largely curtailed the groups' activities, French and West German police said.

As governments gradually rounded up the extremists, leftist Europeans distanced themselves from attempts to overthrow democratic government by terrorism.

The new groups claim that they are attacking nuclear weapons and the Western alliance, statements apparently aimed at winning support in the "peace movement" opposed to NATO's new generation of nuclear weapons.

Leftist revolutionary terrorism is new in France, where political violence generally has involved Corsi-

can or other separatist groups or has spilled over from Middle East struggles. Under Mr. Mitterrand, France has taken a more visible role in support of NATO.

In recent weeks, security precautions have been tightened around NATO, U.S. and other official buildings throughout Western Europe, especially in West Germany.

But West German officials have said that they believe police work coordinated on a Europe-wide basis from a computerized intelligence center in the Wiesbaden headquarters of the West German federal police, has eliminated the main extremist movements in Europe.

French officials agreed with this view and added that French and West German extremists appeared to be operating from Belgium, where the authorities have less experience in countering their activities.

Remembering Auschwitz

Survivors Return to Mark Liberation

By Tony Barber

OSWIECIM, Poland—Eight elderly Jews, symbolizing the four million people of more than 20 nationalities who died in the Nazi

The Austrian chancellor apologized to a Jewish group for the welcome given a Nazi. Page 2

concentration camp of Auschwitz, took part Sunday in a candle-lit procession to mark the 40th anniversary of its liberation.

The eight, all twins who survived the camp's gas chambers and firing squads and who now are Israeli citizens, sang psalms and whispered among themselves during the simple 45-minute ceremony.

As night fell over the bleak and snowy camp in southern Poland, they walked under a steady drizzle from the rail track at Birkenau to the iron gates of Auschwitz blazoned with the German inscription *Arbeit Macht Frei*, or Work Makes Free.

The German spelling of Auschwitz has been superseded here by the Polish equivalent, Oswiecim. The neighboring village of Birkenau was the first sight that victims had of Auschwitz as they arrived by rail from all over Europe.

The camp was opened in May 1940 and has been preserved as it was found by Soviet Ukrainian troops who liberated it on Jan. 27, 1945.

The march Sunday commemorated a similar procession of thanksgiving held by survivors immediately after their deliverance.

The twins were tokens not only of survival but also of the biological experiments conducted at Auschwitz by the camp doctor, Josef Mengele.

Dr. Mengele became known as the "angel of death" for his experimental operations performed on twins, dwarfs and crippled people, some of them children, among the inmates. Only 183 twins who sur-

(Continued on Page 2, Col. 4)



Survivors of the Nazi camp at Auschwitz marched Sunday through the camp's iron gates to commemorate the 40th anniversary of its liberation by Soviet troops. The camp in southern Poland has been preserved as a memorial to the four million people who died there.

Austrian Chancellor Apologizes to Jews For Nazi's Welcome

United Press International
VIENNA — Chancellor Fred Sinowatz apologized Sunday to Jewish leaders for Austria's untimely welcoming last week of a newly released Nazi war criminal, Major Walter Reder.

The president of the World Jewish Congress, Edgar M. Bronfman, interrupted a conference session Sunday afternoon to say Mr. Sinowatz had sent him a personal message with the words "I am terribly sorry."

Mr. Bronfman said, "I think that for us, this probably closes the matter."

No mention was made as to whether Mr. Sinowatz intended to dismiss Defense Minister Friedrich Frischenschlager, who met Mr. Reder at Graz airport Thursday and escorted him to Marinka military barracks in Baden, 20 miles (32 kilometers) south of Vienna.

Mr. Bronfman said Sunday that the Soviet Union has invited him to Moscow to discuss a range of Jewish questions from the emigration of Soviet Jews to the Middle East situation. It would be the first such visit by a World Jewish Congress president.

Mr. Bronfman said the visit would take place in mid-March.

and that officials from the Soviet Embassy in Washington have already contacted the World Jewish Congress to arrange details. He said he would convey a message to Soviet officials from Prime Minister Shimon Peres of Israel during the visit.

Jewish leaders at the conference opening Saturday night called for Mr. Frischenschlager's resignation and criticized Mr. Sinowatz for calling Mr. Reder's welcome "a political mistake" rather than a moral one.

In a meeting Sunday morning, Mr. Bronfman said the Austrian government "will say what should be said — in two words, we're sorry."

He said that although some of the 200 delegates to the conference wanted to close the meeting in protest, "we decided we should carry on with normal business. We are here for important discussions."

Mr. Reder, 69, was sentenced to life in prison because of the massacre in 1944 of 1,830 Italian civilians. The Italian authorities released him six months before a recommended date in answer to appeals by various world leaders, including Mr. Sinowatz.

Sources in the congress said leaders of the Austrian Jewish commu-



Walter Reder

nity met Sunday morning with Mr. Sinowatz morning to explain the view held by the majority of the body's members that a personal apology was essential but not Mr. Frischenschlager's dismissal.

They said Mr. Frischenschlager's dismissal could weaken Mr. Sinowatz's Socialist-dominated coalition and encourage anti-Semitism in Austria through a rise of the conservative opposition party.

This was the first time since World War II that the World Jewish Congress has chosen to assemble in Vienna, Austria, which was annexed to Germany in 1938, lost almost its entire Jewish population of 200,000 in World War II.

Mr. Frischenschlager, who left Vienna on Saturday for an official visit to Egypt, has denied he is considering resigning and said he was only acting on orders.

Auschwitz Survivors Return to Nazi Camp

Quiet Songs, Candlelight Procession Mark 1945 Liberation by Soviet Troops

(Continued from Page 1)
vived Mengele's experiments are believed to still be alive.

Dr. Mengele, who still is at large, would now be 74 years old. Several Nazi hunters, including Serge and Beate Klarsfeld and Simon Wiesenthal of the Vienna Documentation Center, believe he is alive and living in Paraguay. The government there has revoked his citizenship and maintains he disappeared more than a decade ago.

The liberation of Auschwitz was also commemorated Sunday in West Berlin, where 800 people gathered in the Jewish Community House to "honor the victims and condemn the perpetrators," and in Vienna, where delegates to the World Jewish Congress said Kaddish, the Jewish prayer of mourning, for the Auschwitz dead.

In Moscow, official news organizations marked the date with praise for the Red Army troops who liberated the camp and for prisoners who resisted the Nazis. The Soviet accounts did not mention that 2.5 million of those killed at Auschwitz were Jews.

The eight people at Sunday's procession were among 50 survivors

who visited the camp earlier in the day, touring its huts, gas chambers and crematoriums and reciting the songs they sang to maintain morale while they were prisoners.

Several broke down and wept as they recounted their experiences amid the snow-covered barracks and barbed wire fences of the camp, which has been preserved almost exactly as it was found.

"I saw it with my own eyes," said Vera Kriehel. "They took little children out of the wombs of mothers and threw them onto a fire. It was terrifying. I remember the shrieking of those poor women."

"How can I forget it?" she said. "It is inside us. It is rooted inside. It was a hell."

People of more than 20 European nationalities as well as Americans, Egyptians, Chinese and Gypsies were killed at the camp between May 1940 and its liberation.

Many died in the gas chambers which the Nazis blew up along with the crematoriums when they evacuated the camp on Jan. 18, 1945.

Official visitors to the weekend anniversary ceremony included a team of parliamentary deputies from Brazil and a military delegation from the Soviet Union, which laid a wreath in honor of the camp's Soviet victims.

"Were we cowards?" said Eva Kor. "Were we afraid? No, we were heroes because we went to our death as martyrs."

Michael Vogl recalled how his father, who fell ill and was transferred to the camp hospital, would say when he visited him after a day's forced labor: "Survive. Carry on the name."

Then, breaking into tears, Mr. Vogl said: "One night I visited him and a man said, 'They took him today.' They took him to the oven."

Talks Begin March 12

(Continued from Page 1)

Union has since emphasized, as a key to assuring that the United States is prepared to negotiate as seriously about space weapons as about nuclear arms.

Success at the talks "can be assured only by a strict adherence to this agreement," Mr. Lomeiko said. When asked why the Soviet team in the new set of negotiations included men who headed the talks that were broken off in 1983, Mr. Lomeiko said, "We need the most experienced and knowledgeable people."

Mr. Lomeiko was asked to comment on the selection of Mr. Kampelman as the overall head of the U.S. delegation. He is a co-author of an article in the Sunday issue of The New York Times Magazine that expresses doubt that talks can produce an agreement in the near future.

Mr. Lomeiko replied: "The Soviet Union does not negotiate with individuals. We will take as our starting point the position of the United States as our partner in the talks, and not the expressed opinion of individual members of the delegation."

The spokesman said the Soviet negotiators, unlike their counterparts, had experience in arms negotiations. Also, unlike the Americans, all three Russians are believed to speak the language of their opposite numbers.



Salim al-Hoss

Hoss Resigns From Cabinet In Lebanon

(Continued from Page 1)

day that massacres could take place in the south near Israeli-occupied territory unless all Christian militiamen left the area. Reuters reported from Beirut.

Mr. Berri, the cabinet member with responsibility for southern Lebanon, said that 300 of 1,700 Christian militiamen posted in the Iqim Kharoub region had left in the last few weeks. If the rest stayed in the region, Mr. Berri said, "similar to what happened in the mountains will take place."

He was referring to Druze-Christian fighting in the Chuf mountains southeast of Beirut in September 1983, after Israeli troops withdrew from the area. At least 1,000 people were killed.

Fighting flared in the Iqim Kharoub in December as Druze and Christian militias clashed almost daily until 700 Lebanese soldiers moved down the coastal road from Beirut on Jan. 12.

Under a Syrian-backed plan, all militias were to have left the area to let the Lebanese Army reopen the coastal road and be ready to move into the Sidon area, which Israeli troops are due to leave by Feb. 18.

French Troops Requested

Undersecretary-General Brian Urquhart of the United Nations will ask France to send troops into the Sidon area after an Israeli pull-out, United Press International reported Sunday from Tel Aviv, quoting Israel Radio.

The radio said Mr. Urquhart flew to Paris earlier in the day after failing to get Lebanon and Syria to cooperate in efforts to ensure an orderly handover of the territory by the Israelis to the UN Interim Force in Lebanon.

U.S. Tax Reform Supported in Poll

The Associated Press

LOS ANGELES (AP) — A majority of Americans think the U.S. tax system is unfair and favor the Treasury Department's proposed restructuring, according to a poll published Sunday.

The Treasury's reform proposal was favored by 52 percent of 1,454 respondents in a nationwide telephone survey and opposed by 30 percent, the Los Angeles Times reported. It said that nearly two-thirds of the respondents acknowledged that they knew little or nothing about the plan.

Two-thirds of the respondents endorsed graduated taxation, like the current system, in which the rich are taxed at a higher rate than the poor.

WORLD BRIEFS

U.S., Canada Plan New Radar Defense

WASHINGTON (NYT) — The United States and Canada are near agreement on a \$1.2-billion project to modernize an arctic network of radar stations for the defense of North America against a Soviet attack, according to officials of both countries.

U.S. Air Force officials said Thursday that the present system, known as the Distant Early Warning, or DEW, line, had fallen into disrepair since it was built in the mid-1950s and now could be penetrated by bombers or cruise missiles. The DEW line was built to defend against bombers as part of a system that included interceptor planes, surface-to-air missiles and a force of 200,000 men.

DEW included 31 radars stretching 3,000 miles (4,848 kilometers) across Alaska, Canada and Greenland, transmitting signals to the North American Aerospace Defense Command. The new project, according to Pentagon officials, would call for an electronic fence of 39 long-range radars and 35 short-range radars, to be called the North Warning line. The project would be completed in 1992.

Greens Party Dissolves Berlin Branch

FREIBURG, West Germany (Reuters) — West Germany's radical Greens party has announced that it has dissolved its branch in West Berlin because it had been infiltrated by neo-Nazi elements.

A spokesman said Saturday that the decision was made in Freiburg by the party's ruling committee, at the recommendation of its federal executive. The decision meant that the branch, which has about 100 registered members, would be unable to oppose the majority view in the party and contest West Berlin's city elections on March 10.

U.S. Navy Weapons Experts in China

BEIJING (UPI) — A delegation from the U.S. Navy arrived in Beijing on Sunday for talks on what is expected to be the first major Chinese purchase of American naval weapons and equipment.

Melvin Paisley, the navy's research and engineering chief, heads the delegation of weapons specialists on their 10-day visit. Western diplomats said that Mr. Paisley would meet with defense officials in Beijing and would visit major naval installations in Shanghai, Qingdao and other port cities.

The diplomats said that Mr. Paisley and his Chinese counterparts would discuss in detail such items as gas turbine engines, sonars, guns and torpedoes, which Pentagon officials say China has agreed in principle to buy.

Chernenko Works Published in Book

MOSCOW (UPI) — A book of speeches and articles by President Konstantin U. Chernenko, who has not been seen in public for a month and reportedly is seriously ill, was published Sunday in Paris.

The official Soviet news agency Tass said that the book's forward was written in November, before Mr. Chernenko, 73, fell ill. In it, the Soviet leader warned that the deployment of U.S. missiles was tipping the balance of power in Europe and he urged an end to competition in nuclear arms.

Israel, Egypt Resume Talks on Border

BEERSHEBA, Israel (UPI) — Israel and Egypt agreed Sunday to propose "new ideas" for resolving their dispute over the border area of Taba, a narrow stretch of territory on the Gulf of Aqaba.

The first day of the negotiations, which U.S. representatives are observing, was cut short to allow the sides to come up with new proposals for the deployment of a multinational force in Taba. Israeli sources said. The sources said that Israel and Egypt would present "new ideas" on Monday, the second of three days of scheduled talks. The talks were the first on the area since March 1983.

Sunni Radicals Get Amnesty in Syria

DAMASCUS (AP) — President Hafez al-Assad has declared an amnesty for some members of the outlawed Muslim Brotherhood organization imprisoned in Syria, and has invited those in exile to return to the country, state-controlled newspapers reported.

The report, published by Syria's three main newspapers, Al-Baath, Al-Thawra and Tishrin, said that Mr. Assad's decision followed contacts between Syrian officials and Muslim Brotherhood leaders abroad. The Muslim Brotherhood, an underground group of fundamentalist Sunni Muslims, opposed Mr. Assad, who, like the top members of his administration, is of the Alawite Muslim minority.

The Muslim Brotherhood had been accused of plotting to overthrow Mr. Assad and was held responsible for scores of assassinations and fatal bomb blasts in the past decade. The group was weakened in 1982 after the Syrian Army destroyed its power base in the northern city of Hama. Thousands were reported killed or wounded during that campaign, which virtually leveled the city of 170,000 people.

For the Record

Pakistan wants to postpone the fourth round of Afghan peace talks, sponsored in Geneva by the United Nations, until early April because of Pakistani elections next month, the official APP news agency reported. The last round of talks, aimed at a withdrawal of Soviet troops from Afghanistan, was held in August and the next was due in February.

(Reuters)
The United States will supply Iraq with 45 jet fighters, mobile surface-to-air missile systems and radar networks, a Kuwaiti newspaper said Sunday. The radical Al Watan newspaper in Kuwait said the sales agreement was signed last November during a visit to Washington by Iraq's deputy prime minister and foreign minister, Tariq Aziz.

(UPI)
Nigeria has formally asked Britain to extradite its former transport minister, Umaru Dikko, to stand trial on corruption charges, a government spokesman in Lagos said. Mr. Dikko fled Nigeria when the military, under Major General Mohammed Buhari, seized power on Dec. 31, 1983. Mr. Dikko was abducted in July in an abortive attempt to smuggle him from London to Nigeria.

Party Expels Author of Silesian Article

Reuters

BONN — The author of a newspaper article that envisaged West German troops liberating parts of Eastern Europe has been expelled from the governing Christian Democratic Party, a party official said.

Rudolf Sprung, the party's branch chairman in the Goslar area, said Saturday that officials of the branch voted unanimously to expel Thomas Fink, who wrote the article in the Silesian, the official organ of the League of Silesian Exiles. The league says it represents millions of Germans who fled or were expelled when Silesia became part of Poland in 1945.

Mr. Sprung said the expulsion vote was taken because the "absurd thoughts expressed in the article have nothing in common" with Christian Democratic policy.

The article was attacked in both West and East Germany. It fueled

a dispute over an agreement by Helmut Kohl, the West German chancellor, to address the league's annual rally in Hanover in June. About 150,000 people are expected to attend.

The article spoke of West German forces being greeted as liberators as they marched into German territories that became part of Communist Europe after World War II.

The article imagined the Soviet Union, collapsing under the strain of a war with China and a Moslem uprising, withdrawing its forces and clearing the way for the West German troops.

The West German government described the article as "irresponsible, damaging and foolish."

The dispute over Mr. Kohl's decision to address the rally began when the Silesian League said the event's motto would be "Forty

In Soviet, Name Of Khrushchev Is Still a Taboo

Washington Post Service

MOSCOW — The Soviet authorities have resorted to censorship to erase from a documentary film the footage showing Nikita S. Khrushchev, the former Soviet Communist Party leader, who died in 1971.

The action involved a joint Soviet-Indian production of a documentary about Jawaharlal Nehru, India's first prime minister. The Indian version of the film shows Khrushchev meeting and conferring with Nehru and also includes long scenes of Khrushchev's triumphal tour of India. Soviet censors, however, eliminated Khrushchev from the film shown Friday night.

However, Marshal Nikolai A. Bulganin, who served as Soviet prime minister under Khrushchev and who was subsequently disgraced for alleged "anti-party" activities, made his first appearance on Soviet television screens in more than a quarter of a century.

Political observers here noted that the decision to eliminate Khrushchev from the film reflects continued concern here about the man who was forced out of the Kremlin in 1964.

It remains a mystery why Soviet censors continue to eliminate Khrushchev from all films and publications while finding a member of the "anti-party group" and China's much reviled Mao acceptable for wide audiences.

African Bishops Join March

The Associated Press

SEBOKENG, South Africa — Thirty-two Roman Catholic bishops from southern Africa took part in a procession and Mass on Sunday in the black township of Sebokeng in solidarity with people killed and wounded in recent months. Nearly 1,000 people joined in the procession.

Pope Begins His 6th Visit to Latin America

(Continued from Page 1)

tic but not overwhelming welcome on his arrival in Caracas and during his motorcade into the city. Venezuelans, although predominantly Roman Catholic, are less observant of their religion than people in most other Latin American countries.

Only about 10 percent of Venezuela's 16 million people are regular churchgoers. Local bishops felt compelled to mount an advertising campaign to build enthusiasm for John Paul's visit.

"The pope wants to be your friend," and "Meet him and find yourself" were two of the church-

sponsored advertisements that have been run.

Although troubled by the fourth-highest foreign debt in Latin America — \$35 billion — Venezuela remains South America's most affluent country in terms of per capita income. Yet it has deep social divisions and widespread poverty, made worse by the economic pinch that followed the collapse in world oil prices in 1982.

Noting the country's oil wealth in his arrival speech, John Paul deplored the fact that there is a "wide social strata sunk in poverty and even in extreme poverty."

He said the condition of the poor "testifies to a bad distribution and poor utilization of society's resources."

Bishops Surprised, Pleased

Elaine Sciolino of The New York Times reported earlier from New York:

U.S. cardinals, bishops and theologians said Saturday they were stunned by Pope John Paul II's

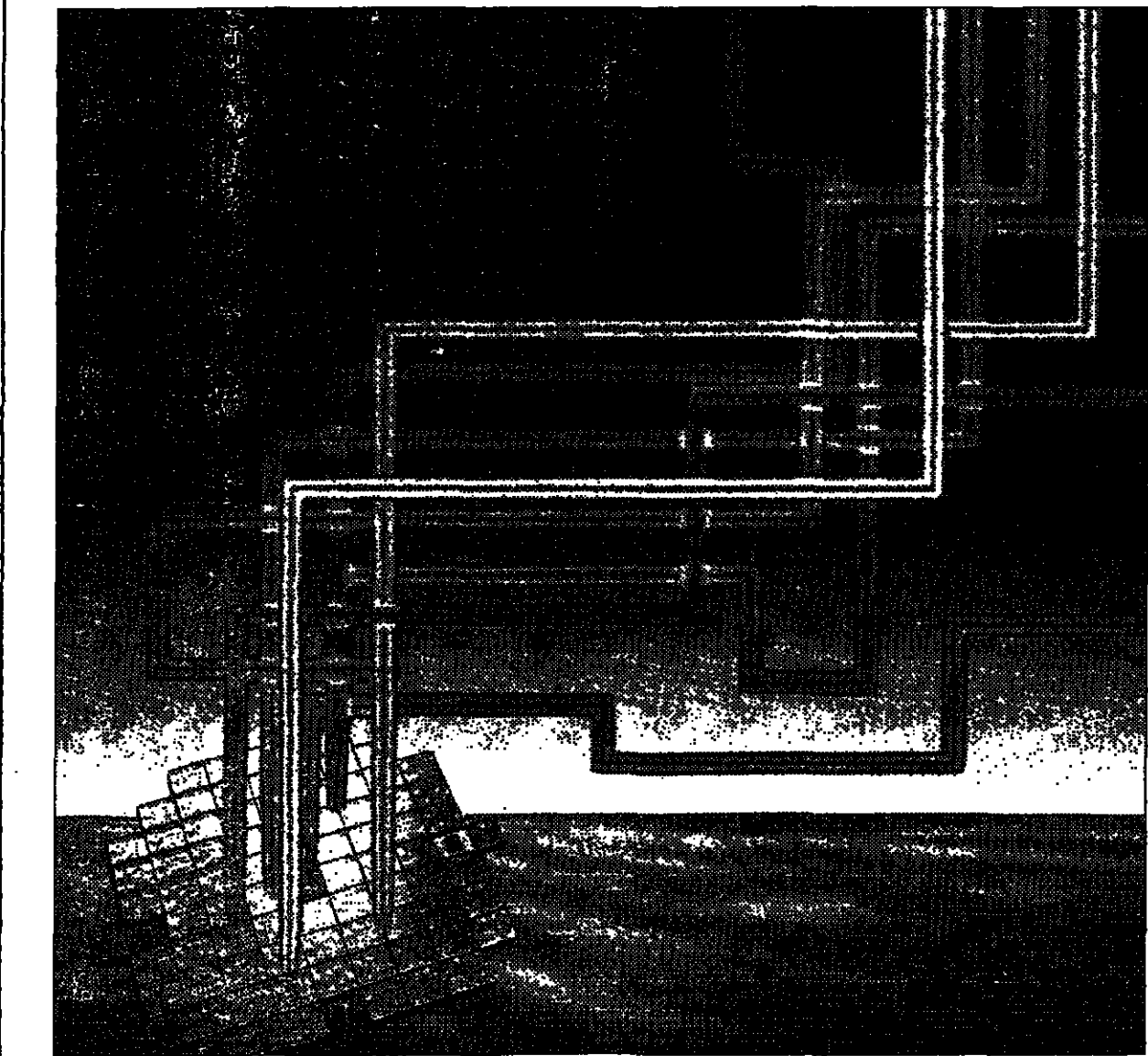
announcement that he is calling an extraordinary synod of bishops to examine the results of the Second Vatican Council, which ended 20 years ago. But they welcomed the synod as an opportunity for bishops to discuss directly with the pope developments since Vatican II.

"It seems that the bishops didn't know about it," said William Ryan, the associate public affairs secretary for the National Conference of Catholic Bishops in Washington. "It was a big surprise."

Bishop James W. Malone of Youngstown, Ohio, who, as president of the National Conference of Catholic Bishops will attend the synod, learned of the synod only Friday.

"The synod will give bishops an opportunity to work in a special way with the Holy Father to apply the insights and wisdom of Vatican II to present-day problems confronting the church," Bishop Malone said Saturday through a spokesman.

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AMERICAN TOPICS

The Evergreen Lyrics Of 'Hail to the Chief'

"Hail to the Chief," which has been used to herald the arrival of U.S. presidents since the inauguration of James K. Polk in 1845, once again led the hit parade during the festivities last week in Washington.

The song, with a sprightly tune by James Sanderson set to words taken from "The Lady of the Lake," written by Sir Walter Scott in 1810, was first performed in 1812 in Britain. In the United States, it became a song with which to greet politicians and, eventually, presidents. Since the words are not well-known, The New York Times reprinted them as a service to its readers:

*Hail to the chief who in triumph advances,
Honored and blessed be the evergreen pine.
Long may the tree in his banner that glances
Flourish the shelter and grace of our line.*

The Times did not attempt to explain the words.

They Also Served, Who Stand and Wait?

Representative Patricia Schroeder, Democrat of Colorado, said in a recent speech, "There are three things the Democratic Party must do if it wants to win the White House. Unfortunately, no one knows what they are."

Mrs. Schroeder also said that the new term for the evolving U.S. economic scene, "the service economy," must have been coined by "someone who has not been in a gas station lately or tried to get waited on in a department store."

Short Takes

Governor Richard D. Lamm of Colorado, a Democrat, has reluctantly signed a constitutional amendment that forbids the use of state funds for abortions. Declaring that the measure creates one standard for those who can afford an abortion and one for those who cannot, Mr. Lamm said, "We shall start the insane public policy of forcing pregnant welfare mothers to have unwanted children."

Bonita Carroll, 23, of Nokesville, Virginia, beat 80,000 others in a contest to give a new name to Frontier Horizon Airlines of Denver, which in a settlement with Horizon Air of Seattle agreed to change its name. The winning entry, Frontier Discovery, won two lifetime passes. "I hope they stay very profitable," Miss Carroll said.

Notes About People

Jody Powell, who became a columnist after serving as press secretary to President Jimmy Carter, has accepted a one-year



Jody Powell

appointment as Thomas P. O'Neill professor of American politics at Boston College. He is the third occupant of the chair, which was established with a \$1.3-million endowment by friends and fellow alumni of the speaker of the U.S. House of Representatives.

Mayor Edward I. Koch of New York City and Governor Mario M. Cuomo of New York state both denounced Bernhard H. Goetz, who shot and wounded four youths in the city subway after one approached him and asked for money. So did Senator Alphonse M. D'Amato, Republican of New York, who said, however, that "most people see justice and retribution" in the Goetz case. The senator said that he never rides the subway unless accompanied by a guard carrying Chemical Mace.

John McEnroe, the tennis star, has donated \$10,000 to The New York Times Neediest Cases Fund for the second year in a row, The Times announced.

Compiled by
ARTHUR HIGGEE



Bernhard H. Goetz

New Yorkers Are Warned In Goetz Case

NEW YORK — District Attorney Robert M. Morgenthau has warned New Yorkers that a Manhattan grand jury's limited indictment of Bernhard H. Goetz, who shot four young men on a city subway last month, is not "a license to shoot people because they look at you cross-eyed."

Mr. Morgenthau made his comments Friday after the grand jury indicted Mr. Goetz on charges of criminal weapons possession but refused to charge him with attempted murder in the shooting.

"It was the view of the grand jurors that Mr. Goetz was justified in taking the force that he did," Mr. Morgenthau said.

However, he warned: "Anybody who shoots another person on the subway or anywhere will have the case presented to the grand jury, and they will have to establish justification."

The maximum penalty involved in the weapons counts is seven years in prison; Mr. Goetz could have faced a maximum 25-year sentence had he been convicted of attempted murder, with which he was charged.

Mr. Goetz, 37, an electrical engineer, will be arraigned Feb. 6 in state Supreme Court in Manhattan. One of his two lawyers, Barry Slotnick, said Mr. Goetz would plead not guilty to the gun charges.

Mr. Slotnick noted that New York City had a mandatory one-year jail term for gun possession, although extenuating circumstances had often precluded the mandatory sentence.

The case began Dec. 22, when, by his own admission, Mr. Goetz shot the four men after they surrounded him and asked him for \$5. The case has attracted national attention, with calls of support and offers of funds for his defense coming in from around the country.

Mr. Morgenthau said that the grand jury had been asked to consider indictments on four counts of attempted murder, four of assault, four of reckless endangerment and a count of criminal possession of a weapon more serious than the ones on which he was indicted.

The grand jury voted to indict Mr. Goetz only on three lesser weapons charges, including two for possession of guns that he kept in his home, a 38-caliber revolver and a 9mm Luger.

Although Mr. Goetz did not testify before the grand jury, the panel saw a videotaped confession in which he said that he had intended to kill the four young men and that he had not stopped shooting until he had run out of ammunition.

The four men, who are from the Bronx, all have criminal records, many for subway crimes. Three of them carried sharpened screwdrivers at the time of the shooting.

The most seriously wounded of the four, Darrel Cabey, 19, has been in a coma for 16 days and is breathing with the aid of a respirator.

Mr. Goetz's second lawyer, Joseph Keiner, said Mr. Goetz was "not gloating" but was "humbly grateful for what had occurred and he has expressed satisfaction" with the grand jury ruling.

Reagan to Fight Republican Cuts in Military Budget

By Gerald M. Boyd
New York Times Service

WASHINGTON — President Ronald Reagan says he will resist efforts by Republicans in the Senate to reduce the federal deficit by making further cuts in the growth of military spending. He called that proposal "very risky."

Mr. Reagan's remarks Saturday in a radio interview reflected his intention to support the spending goals of Defense Secretary Caspar W. Weinberger, despite criticism that this could jeopardize congressional support for a deficit-reducing package.

The president's comments on the deficit were his first response to criticism Friday by Robert J. Dole of Kansas, the Senate majority leader, who voiced serious objections to the administration's planned targets for military spending in the 1986 fiscal year, which begins Oct. 1.

Mr. Dole warned that it would be difficult to achieve cuts in politically sensitive domestic programs without greater give on military spending.

In his response to Mr. Dole, the president said that legislators favoring reductions in military spending were "unaware of the cuts that the Defense Department has already made." He said the \$8.7 billion that the Pentagon has agreed to trim for 1986 was more than the amount of the cuts that had been sought by the Office of Management and Budget.

The budget office and some of Mr. Reagan's economic advisers had supported military spending cuts of \$58 billion over the next three years. Siding with Mr. Weinberger, the president instead approved cuts of about \$28.1 billion, although the next fiscal year's reduction would be higher than what the budget office had requested.

Mr. Reagan said the reduction volunteered by the Defense Department had been achieved without jeopardizing military needs or national security.

"Now to go beyond that and just simply say on a matter of dollars, we're going to take more dollars, regardless, is very risky," he said. "Because the Defense Department, that's the one budget that is dictated by people outside the United States."

"You can't ignore what other people are doing, other possible adversaries, with regard to your own defense spending," he said.

Mr. Reagan said that once legislators had a chance to see and hear the administration's explanation, they are "going to see that there isn't much more to get there."

"We've squeezed that apple pretty good," he said.

Attempting to minimize Mr.

Dole's concerns, the president said the senator had been reflecting a frustration based on the mistaken perception that the Reagan administration was intransigent on the possibility of larger military cuts. Instead, Mr. Reagan said, critics would see where the administration had cut its spending proposals.

"But beyond that," he warned, "if there is reluctance, as there has been for four years now in the Congress to go as far as we want to go in reducing the growth in federal spending, then we take our case to the people and explain to the people what it is we are trying to do and why we have to do it."

Mr. Reagan also renewed his criticism of the leaders of some black organizations for failing, he said, to acknowledge the accomplishments of his administration.

The president asserted that those leaders, whom he declined to identify, painted a negative picture to

justify the existence of their organizations and their jobs.

Mr. Reagan added: "Some individuals who have positions in organizations that have been created for whatever purpose, to rectify some ill, then, once that gets going, they're reluctant to admit how much they have achieved, because it might reveal then that there is no longer a need for that particular organization, which would mean no longer a need for their job."

"So," he said, "there's a tendency to keep the people stirred up as if the cause still exists."

Mr. Reagan had asserted, in a similar interview two weeks ago, that some black leaders were "committed politically" to the Democratic Party and had distorted his record to "keep their constituency aggrieved." Those assertions drew a sharp rebuttal from several persons representing black and civil rights organizations.

Reagan Changes 'Music,' Now Would 'Rock' U.S.

By George Skelton
Los Angeles Times Service

WASHINGTON — President Ronald Reagan has told a gathering of 3,000 of his top appointees that he intends to "change America forever" during the next four years.

Although his administration played "great and beautiful music" during his first term, "from here on it's shake, rattle and roll," the president said Friday, borrowing the words of a 1950s rock-and-roll song by Bill Haley and the Comets.

The White House took over Constitution Hall, owned by the Daughters of the American Revolution, so Mr. Reagan could deliver a pep talk at the half-time of his presidency. Among those in the audience were members of his cabinet and his senior advisers.

Mr. Reagan sought to assure them that, although he is a political "lame duck," legally barred from seeking re-election, he does not intend to ease up during his last four years in office.

"There's an understandable tendency when a second term begins to think that all of our great work is behind us, that the big battles have been fought and all the rest is anticlimax," Mr. Reagan admonished his audience. "Well, that's not true. What has gone before is prologue. Our greatest battles lie ahead. All is newness now, the possibility of great and fundamental change."

"We can change America forever. That's some great and beautiful music we've been playing the past four years — but the way I see it, from here on it's shake, rattle and roll."

In a rare switch for Mr. Reagan, whose oratorical skills have earned him a reputation as "the great communicator," this was a speech with words far more spirited than the delivery. The president spoke calmly, almost in a monotone, reflecting his obviously relaxed mood. He made snowballs and threw them at a tree both as he left and returned from the White House.

The most fiery speeches came from Mr. Reagan's cabinet officers and advisers, 19 of whom were seated side by side on the stage behind the president and spoke before he arrived.

The presidential counselor, Edwin Meese 3d, who has been nominated to become attorney general, called on the administration during the second term to "institutionalize the Reagan revolution so it can't be set aside no matter what happens in future presidential elections."

Mr. Meese said the administration should try to emulate, in effectiveness, the presidency of Franklin D. Roosevelt, whose New Deal policies, he pointed out, lasted half a century.

Secretary of State George P. Shultz said Mr. Reagan may be regarded by historians as "a watershed" president because, with his conservative philosophy, he has changed the U.S. public's "way of thinking."

Ontario Minister Wins Party Poll For New Leader

New York Times Service

TORONTO — The governing Progressive Conservative Party of Ontario has elected Frank Miller, the province's industry minister, as its new party leader.

Mr. Miller, 57, who was elected Saturday and is expected to be sworn in in the next week or two, will become premier of Ontario, Canada's most populous and economically powerful province.

He is considered the most conservative of four candidates running to succeed William Davis, 55, who announced in October he would retire after 14 years in office.

A former car dealer, Mr. Miller has held four cabinet posts under Mr. Davis. He is in favor of ending the minimum wage, rent controls and rules prohibiting doctors from charging more than limits set under the nation's medical insurance system. "We must clear the way for enterprise," he said Friday.

Mr. Miller was elected on the third ballot of party delegates under a voting system in which the last-place finisher in each vote drops out. He won 869 votes to 792 against Larry Grossman, the provincial treasurer.

Union Carbide Says It Acted on Safety Report

By Franklin Whitehouse
New York Times Service

DANBURY, Connecticut — Union Carbide Corp. gave "immediate attention" to an internal safety report warning of a possible "runaway reaction" in a tank storing a toxic chemical in West Virginia, according to a company official.

The official, Jackson B. Browning, vice president for health, safety and environmental affairs, said Friday that "a simple change in operating procedures completely eliminated the concern" raised Sept. 11 in the report by Union Carbide's safety inspectors.

In any case, Mr. Browning said, the inspectors had found the threat "in no way imminent" but had raised the concern as a "hypothetical scenario."

The tank at the plant in Institute, West Virginia, contained methyl isocyanate, the chemical that leaked from a Union Carbide plant in Bhopal, India, on Dec. 3, killing more than 2,000 people and injuring thousands more.

Mr. Browning said the safety report on the West Virginia plant was not sent to India.

"There was no reason to share" the report with managers of the Bhopal plant, Mr. Browning said, because different devices were used to cool the tanks at the two facilities.

That assertion was later disputed by a spokesman for Representative Henry A. Waxman, a California Democrat who made the safety report public on Thursday.

According to Mr. Waxman's spokesman, Union Carbide told the House Subcommittee on Health and the Environment, which Mr. Waxman heads, that the two plants had the same designs and same procedures.

In response to the company's statement that the report addressed a "hypothetical scenario," the spokesman said, "The report speaks for itself when it warns of a 'real potential for a serious incident.'"

The day before Mr. Waxman disclosed the safety report, the U.S. Environmental Protection Agency reported that methyl isocyanate had leaked 28 times in five years at the Institute plant.

He said that "an erroneous calculation" by company officials re-

sulted in the agency's report that one leak, the largest, involved 840 pounds (381 kilograms) of the chemical. He said the leak, on Jan. 1, 1984, was in a line carrying a liquid combination of chloroform and methyl isocyanate. There were "less than five pounds" of methyl isocyanate in the mixture that leaked, he said.

All of the liquid was recaptured and sent to a processing unit, Mr. Browning said, and "there was no release to the environment."

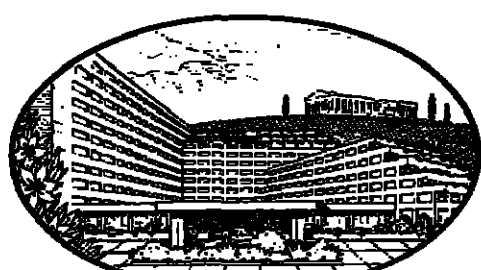
"We reported the wrong information to the EPA," he said.

As for the 27 other leaks, Mr. Browning said that they all involved less than one pound of methyl isocyanate and the company did not need to report them under federal law.

The EPA's report indicated that seven of the leaks had been of more than 10 pounds; seven of one to 10 pounds and two of undetermined size but probably more than one pound. The other 12, it said, were less than one pound.

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Search for Security: The Case for the Strategic Defense Initiative

Zbigniew Brzezinski, professor of government at Columbia University and senior adviser at the Center for Strategic and International Studies at Georgetown University, was national security adviser under President Jimmy Carter. Robert Jastrow, a physicist and professor of earth sciences at Dartmouth, is the founder of the Goddard Institute for Space Studies. Max M. Kampelman, a Washington lawyer, was ambassador to the Conference on Security and Cooperation in Europe under Presidents Carter and Ronald Reagan and has been named to head the U.S. delegation to the new arms control talks with the Soviet Union. In a reaction to this article in *The New York Times Magazine*, Tass, the Soviet press agency, characterized Mr. Kampelman as a hard-liner on U.S.-Soviet relations who would treat the negotiations "skeptically." Each author contributed individual sections to this article, which they edited and rewrote jointly.

By Zbigniew Brzezinski,
Robert Jastrow,
and Max M. Kampelman

NEW YORK—Faith moves mountains. When it is in eternal religious values, faith is an indispensable strength of the human spirit. When it is directed toward political choices, it is often an excuse for an analytic paralysis.

Regrettably, our national debate over President Ronald Reagan's suggestion that the country develop a strategic defense against a Soviet nuclear attack is taking on a theological dimension that has no place in a realistic search for a path out of the world's dilemma. The idea of basing our security on the ability to defend ourselves deserves serious consideration. Certainly, the role of strategic defense was a major issue in the recent dialogue in Geneva between Secretary of State George F. Shultz and Foreign Minister Andrei A. Gromyko of Russia on new arms control negotiations.

For many years, our search for security has been restricted to designing offensive weapons to deter aggression through fear of reprisals. We must not abandon nuclear deterrence until we are convinced that a better means is at hand. But we cannot deny that, for both the Soviet Union and the United States, the costs, insecurities and tensions surrounding this search for newer, more effective and more accurate nuclear missiles produce a profound unease that in itself undermines stability.

The conventional view is that stability in the nuclear age is based on two contradictory pursuits: the acquisition of increasingly efficient nuclear weapons and the negotiation of limits and reductions in such weapons. The United States is diligently pursuing both objectives, but the complexity of arriving at effectual arms control agreements is becoming apparent as more precise and mobile weapons, with multiple warheads, appear on both sides. Unlike ours, moreover, many Soviet missile silos are reloadable, and thus the number of silos does not indicate the number of missiles, further complicating verification.

WE must never ignore the reality that the overwhelming majority of the Soviet strategic forces is composed of primarily first-strike weaponry. And given the large numbers of first-strike Soviet SS-17, -18 and -19 land-based missiles, no responsible American leader can make decisions about security needs without acknowledging that a Soviet first strike can become a practical option.

The Russians could strike us first by firing the reloadable portion of their nuclear arsenal at our missiles, the Strategic Air Command and nuclear submarine bases, and if the surviving U.S. forces, essentially nuclear submarines, were to respond, the Russians could immediately counter by attacking our cities with missiles from nonreloadable silos and, a few hours later, with whatever of their first-strike reloadable weapons had survived our counterattack. They are set up for launching three salvos to us.

To us, this catastrophic exchange is unthinkable. But, with the strong probability that the U.S. response would be badly crippled at the outset by a Soviet strike, some Russian leader could someday well consider such a potential cost bearable in the light of the resulting "victory." Furthermore, such an analysis might well anticipate that an American president, knowing that a strike against our cities would inevitably follow our response to a Soviet first strike, might choose to avoid such a catastrophe by making important political concessions. No responsible U.S. president can permit this country to have to live under such a threat, not to speak of the hypothetical danger of having to choose either annihilation or submission to nuclear blackmail. Hence the understandable and continual drive for more effective offensive missiles to provide greater deterrence.

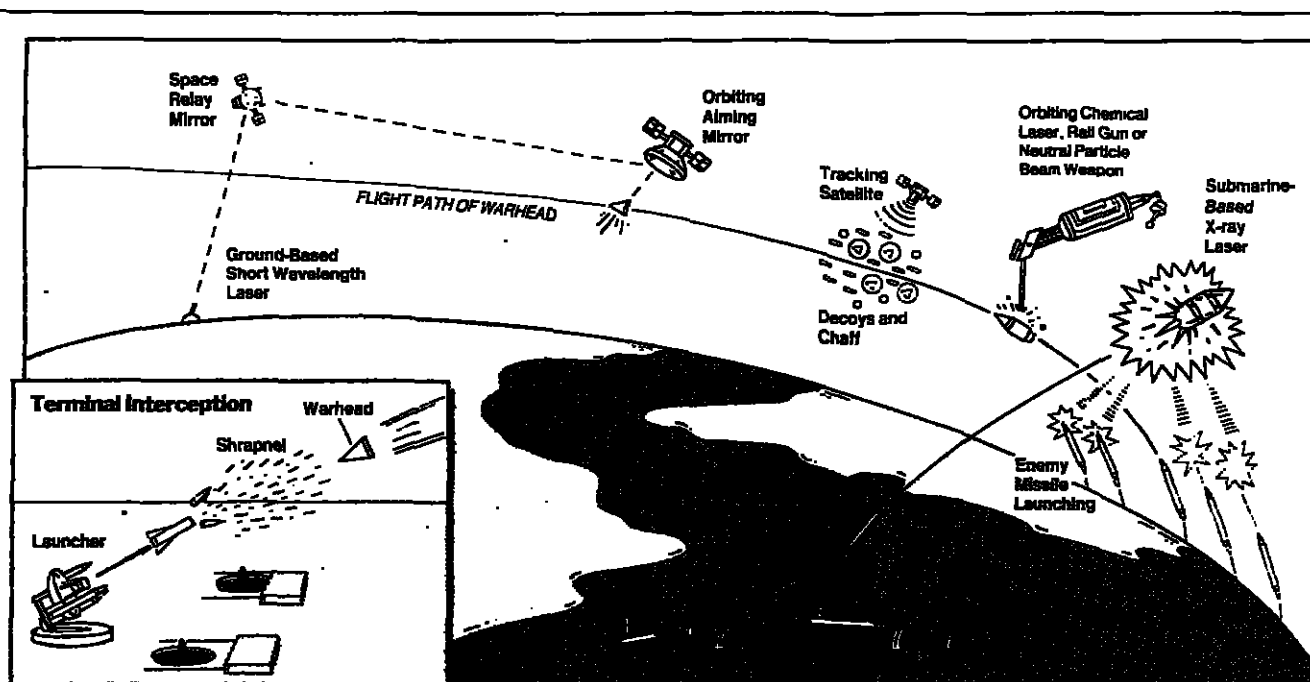
The result is that weapons technology is shaping an increasingly precarious U.S.-Soviet strategic relationship. For this reason, we urge serious consideration be given to whether some form of Strategic Defense Initiative (SDI) might not be stabilizing, enhancing to deterrence and even helpful to arms control. To that end, we address the major issues in strategic defense from three points of view:

(1) The technical: Is a defense against missiles technically and budgetarily feasible?
(2) The strategic: Is a defense against missiles strategically desirable? Does it enhance or diminish stability? Does it enhance or diminish the prospects for arms control and a nuclear weapons build-down?
(3) The political: What are the political implications of strategic defense for our own country and for our relations with our allies? What are the implications for the larger dimensions of our relationship with the Soviet Union? How do we seek the needed domestic consensus on a viable strategy?

A great deal has been written about the state of missile-defense technology. Some experts say the technology sought is unattainable, others that it is merely unattainable in this generation. Yet the promise of the Strategic Defense Initiative is real. Some of the technologies are mature and unexciting. Their deployment around the end of this decade would involve mainly engineering development. Technically, these vital defenses could be in place at this moment were it not for the constraints accepted by the United States in its adherence to the anti-ballistic missile treaty of 1972.

With development and some additional research, we can now construct and deploy a two-layer or double-screen defense, which can be in place by the early 1990s at a cost we estimate to be somewhere in the neighborhood of \$60 billion. A conservative estimate of the effectiveness of each layer would be 70 percent. The combined effectiveness of the two layers would be over 90 percent: Less than one Soviet warhead in 10 would reach its target—more than sufficient to discourage Soviet leaders from any thought of achieving a successful first strike.

The first layer in the two-layer defense system—the "boost-phase" defense—would go into effect as a Soviet first-strike missile, or "boost-



A Space-Based Defense System: How It Would Work

Proposals for a space-based missile-defense system are in an early phase of research. Several possibilities are illustrated above. Ground-based lasers, probably the easiest system to maintain and defend, would rely on satellite-mounted relay mirrors to guide their beams over the horizon. But the tracking of warheads by satellite could be complicated by

such countermeasures as the deployment of decoys and radar-confusing chaff. Such nonnuclear weapons as chemical lasers, rail guns or neutral particle beams would be placed in orbit to respond to enemy attack. They would have to be deployed in large numbers, but highly polished coatings on enemy warheads might deflect much of

their power. X-ray lasers would be triggered by nuclear explosion after being launched from submarines, for example; each laser could damage dozens of missiles. Terminal interceptions would be designed to block whatever warheads made their way through the screen. A projectile or cloud of shrapnel would be guided to destroy the incoming warhead.

er," carrying multiple warheads rises above the atmosphere at the beginning of its trajectory. This boost-phase defense, based on interception and destruction by nonnuclear projectiles, would depend on satellites for the surveillance of the Soviet missile field and the tracking of missiles as they rose from their silos. These operations could only be carried out from space platforms orbiting over the Soviet Union. Because they are weightless in orbit, such platforms could be protected against attack by heavy armor, onboard weapons and maneuverability.

After the booster has burned out and fallen away, the warheads are through space on their way to the United States. The second layer of the defense—the terminal defense—comes into play as the warheads descend. Interception would be at considerable altitude, above the atmosphere if possible. This second phase requires further engineering, already under way, because interception above the atmosphere makes it difficult to discriminate between real warheads and decoys. In the interim, interception can take place in the atmosphere, where differences in air drag separate warheads from decoys. In either event, destruction of the warheads would take place at sufficiently high altitudes, above 100,000 feet (30,500 meters), so that there would be no ground damage from warheads designed to explode when approached by an intercepting missile.

Of the two layers in the defense, the boost phase is by far the most important. It would prevent the Russians from concentrating their warheads on such high priority targets as the national command authority (the chain of command, beginning with the president, for ordering a nuclear strike), key intercontinental ballistic missile silos or the Trident submarine pens, because they could not predict which booster and which warheads would escape destruction and get through.

THIS fact is important. Simply a so-called "point defense" of our missile silos, it has been suggested, would be sufficient to restore much of the credibility of our land-based deterrent, now compromised by 6,000 Soviet ICBM warheads. It is particularly necessary to protect the 550 silos containing our Minuteman-3 ICBMs, of which 300 have the highly precise Mark-12A warheads. These are the only missiles in the possession of the United States with the combination of yield and accuracy required to destroy hardened Soviet military sites and the 1,500 hardened bunkers that would shelter the Soviet leadership. But their very importance to us illustrates the difficulty of a point defense, because the value of the silos to us means they will be among the highest priority targets in any Soviet first strike. The Russians can overwhelm any point defense we place around those silos, if they wish to do so, by allocating large numbers of warheads to these critical targets. But if we include a boost-phase defense to destroy their warheads at the time of firing, their objective becomes enormously more difficult to accomplish.

The boost-phase defense has still another advantage. It could effectively contend with the menace of the Soviet SS-18s, monster missiles twice the size of the 97.5-ton MX. Each SS-18 carries 10 warheads, but probably could be loaded with up to 30. The Russians could thus add thousands of ICBM warheads to their arsenal at relatively modest cost. With numbers like that, the costs favor the Russians. But a boost-phase defense can eliminate all a missile's warheads at one time—an effective response to the SS-18 problem.

The likely technology for an early use of the boost-phase defense would use "smart" nonnuclear projectiles that home in on the target, using radar or heat waves, and destroy it on impact. The technology is close at hand and need not wait for the availability of the more devastating but less mature technologies of the laser, the neutral particle beam or the electromagnetic rail gun. The interceptor rocket for this early boost-phase defense could be derived from air-defense interceptors that will soon be available, or the technology of anti-satellite missiles (ASAT) launched from F-15 aircraft. These rockets could weigh about 500 pounds (226 kilograms), the nonnuclear supersonic projectiles about 10 pounds.

INTERCEPTOR rockets would be stored in pods on satellites and fired from space. The tracking information needed to aim the rockets would also be acquired from satellites orbiting over the Soviet missile fields. The so-called space weapons of strategic defense are indispensable for the crucial boost-phase defense. To eliminate them would destroy the usefulness of the defense.

We estimate that the cost of establishing such a boost-phase defense by the early 1990s would be roughly \$45 billion. That price tag includes 100 satellites, each holding 150 interceptors, sufficient to counter a mass Soviet attack from their 1,400 silos, plus four geosynchronous satellites and 10 low-altitude satellites dedicated to surveillance and tracking, plus the cost of facilities

for ground-control communications and battle management.

The technology used for the terminal defense could be a small, nonnuclear homing interceptor with a heat-seeking sensor, which would be launched by a rocket weighing one to two tons and costing a few million dollars each. Interception would take place above the atmosphere, if possible, to give wider "area" protection to the terrain below. These heat-seeking interceptors can be available for deployment in about five years if a decision is reached to follow that course. One concept for this technology was tested successfully in June by the Defense Department, when an intercepting missile zeroed in on an incoming warhead at an altitude of 100 miles (160 kilometers) and destroyed it.

The technology for a terminal defense within the atmosphere would be somewhat different, but would probably also depend on heat-seeking missiles. The cost of this terminal layer of defense would be about \$15 billion and include \$10 billion for 5,000 interceptors, plus \$5 billion for 10 aircraft carrying instruments for tracking of the Soviet warheads.

The estimated \$60 billion for this two-layer defense is a ball-park figure, of course. However, even with its uncertainties, it is surely an affordable outlay for protecting our country from a nuclear first strike.

TO be sure, the above is not an attractive option to those who place all their eggs in the arms control basket and underestimate the immense difficulty of attaining an effective and truly verifiable pact. It is also not appealing to those wedded to the idea that it is best to assure survival by simply maintaining the perilous balance of terror between the United States and the Soviet Union. We favor energetically pursuing arms control negotiations and seeking to achieve credible deterrence, but these options by themselves are unfortunately not as likely to provide a more secure future as the alternative strategy of mutual security combining defense against missiles with retaliatory offense.

The simplest and most appealing option, quite naturally, is comprehensive arms control. Large reductions in both launchers and warheads, as well as effective restrictions on surreptitious deployment or qualitative improvements, would enhance nuclear stability and produce greater mutual confidence. It would, if properly negotiated and effectively monitored, enhance mutual survival.

How likely is such a future? Some progress in arms control is probably possible, but genuinely effective arms control would require that: (1) there be a restraint imposed on qualitative weapons enhancement; (2) mobile systems, relatively easy to deploy secretly, be subject to some form of direct verification; (3) a method be devised for distinguishing nuclear-armed and nonnuclear cruise missiles; and (4) monitoring arrangements be devised for preventing surreptitious development, testing and deployment of new systems. So far, the Soviet record of compliance with the SALT-1 and SALT-2 accords is sufficiently troubling to warrant skepticism regarding the likelihood of implementing any such complex and far-reaching agreement.

Moreover, such an agreement would have to recognize that it is no longer possible to limit space-based systems without imposing a simultaneous limit, along the above lines, on terrestrially deployed systems, which present the greater threat to survival. After all, the space-based defenses include no weapons of mass destruction and no nuclear weapons. And it should be some cause for concern to note the Soviet insistence on prohibiting space-based defensive systems, the only method now available to inhibit the first-strike use of land-based Soviet offensive systems.

Finally, a comprehensive and genuinely verifiable agreement, limiting both qualitatively and quantitatively the respective strategic forces, on earth and in space, will require a much more felicitous political climate than currently exists. Negotiations may lead to such improvement, but in the setting of intense and profound geopolitical rivalry, how realistic is it to expect in the near future accommodation sufficient to generate the political will essential for a genuine breakthrough in arms control negotiations? The mere mentions of Afghanistan, Nicaragua, Sakharov and Soviet violations of the humanitarian provisions of the Helsinki Final Act dramatize the depths of the problem. There may be no direct negotiating linkage between these acts of Soviet misconduct and arms control, but their political interaction is evident.

This is why there is currently such an emphasis on maintaining peace via the doctrine of deterrence based on mutual assured destruction, called MAD. But what does this mean in an age when weapons are becoming increasingly precise, mobile and difficult to count? In the absence of a miraculous breakthrough in arms control, the only possible protection within the framework of the deterrence approach is to stockpile more offensive systems. This is in part what we are

can an interested public be expected to resolve disputes among experts as to questions of technical feasibility. The current debate over President Reagan's initiative for a strategic defense program suffers from that conflict among scientists. It is important to clarify this issue.

We can begin a two-tiered strategic defense that would protect command structure as well as our missiles and silos and thus discourage any thoughts by the Soviet military that a first-strike effort would be effective. Some within the scientific community minimize the importance of this technical feasibility and emphasize instead the view that it is scientifically impossible today to provide a strategic defense that will protect our cities. Such a broad defense of populations is today not feasible, but it is prudent for our society to keep in mind the rising tide of technical and scientific advances so rapidly overwhelming the 20th century.

The "impossible" is a concept we should use with great hesitation. It is foolhardy to predict the timing of innovations. We are persuaded that the laws of physics do not in any way prevent the technical requirements of a defensive shield that would protect populations as well as weapons. A total shield should remain our ultimate objective, but there is every reason for us to explore transitional defenses, particularly because the one we have discussed would serve to deter the dangers of a first strike. Defenses against ballistic missiles can be effective without being "perfect," and the technology for this is nearly in hand.

SO CIETY must also not forget that ever since the beginning of the scientific age, the organized scientific community has not had a particularly good record of predicting developments that were not part of the common wisdom of the day. In 1926, for example, A. W. Bickerton, a British scientist, said it was scientifically impossible to send a rocket to the moon. In the weapons field, a U.S. admiral, William D. Leahy, told President Harry S. Truman in 1945: "That [atomic] bomb will never go off, and I speak as an expert in explosives." And Dr. Vannevar Bush, who directed the government's World War II science effort, said after the war that he rejected the talk "about a 3,000-mile rocket shot from one continent to the other carrying an atomic bomb... and we can leave that out of our thinking." In the strategic area, as late as 1965, the capable Secretary of Defense Robert S. McNamara wrote: "There is no indication that the Soviets are seeking to develop a strategic force as large as our own."

Our debate and our discussion, furthermore, must not ignore what the Russians, who have always understood the need for defenses, are doing in space. They have spent more on strategic defensive forces since the anti-ballistic missile (ABM) treaty was signed in 1972 than on strategic offensive forces. Their anti-satellite program began nearly two decades ago. The Soviet military is now working aggressively on a nationwide missile-defense system; and it now appears ready to deploy a system capable of defending the country not only against aircraft, but also many types of ballistic missiles. Clearly, the Soviet work in strategic defense has taken place in spite of ABM treaty provisions. The large radar installation in central Siberia expressly violates that treaty with us. Yet the planning for it must have begun many years ago.

The recent Geneva meeting must be considered a major productive result of President Reagan's March 1983 speech announcing that we would begin developing a strategic defense initiative. We are reminded that in 1967 President Lyndon B. Johnson proposed to Prime Minister Alexei N. Kosygin a ban on ABMs, which was flatly rejected. In 1969, President Richard M. Nixon proposed to the Congress that our country begin such an ABM program, because the Russians showed little desire to join in prohibiting such weapons. Shortly after Congress approved that program, the Russians embraced the idea of an ABM treaty. Had our government not announced its SDI program, we might still be in the cold storage of the Soviet freeze precipitated by their walking out of the Geneva negotiations.

Arms control has been said to be at a dead end, and the stalemate has reflected an impasse in thought and in conception. Our present policy requires both us and the Soviet Union to rely on a theory of mutual annihilation based on a strategic balance of offensive weapons. The U.S. approach has been to depend on deterrence alone and not on defending ourselves from Soviet offensive weapons, while the Russians have made it clear by their actions that they intend to defend themselves against our missiles. In any event, what is clear is that mankind must find ways of lifting itself out of this balance of terror. Mutual assured destruction must be replaced by mutual assured survival. Our

safety cannot depend on our having no defense against missiles. The proper role of government is to protect the country from aggression, not merely avenge it. It is astounding that a president should be faulted for seeking a formula and an approach that will protect us from the continual threats and terrors coming from the volatile vagaries of adventurism and miscalculation.

EVEN if a perfect defense of our population should be impossible to achieve—and none of us can be certain of that—the leaders of our government have a responsibility to seek defense alternatives designed to complicate and frustrate aggression by our adversaries. The very injection of doubt into their calculations strengthens the prospect of hesitation and deterrence. It may not be possible to destroy the world's ballistic missiles, but if we can return them to the status of a retaliatory deterrent rather than a pre-emptive strike we will have reduced the need for the existing large arsenal and thereby the threat of war.

The argument has been made that the SDI is politically harmful because our North Atlantic Treaty Organization allies have not received the initiative with enthusiasm. Their skepticism is an understandable initial reaction. First of all, our allies were taken by surprise by the president's March proposal of a Strategic Defense Initiative. At times, secret discussions are necessary, but doubtless allied cooperation will be forthcoming in direct proportion to timely and honest consultation. Furthermore, European political leaders feel under great pressure from an activist peace movement that emphasizes traditional arms control negotiations as a major objective. A new approach, which the Russians criticize as hostile, is, therefore, looked upon as troubling, regardless of its merit.

As to the substance of the initiative, coupling our national security interest with that of our allies is a foundation of NATO defense. Any tendency toward decoupling produces great concern on their part. Western European leaders look upon all security proposals with that criterion in mind. Should America technically succeed in providing a shield against missiles, Europeans wonder whether they would then be left in an exposed position, facing a superior Soviet conventional military force.

The concerns may be understandable, but will diminish with time and discussion. First of all, President Reagan's call for strategic defense brought the Russians back to the Geneva negotiating table. More important, however, it will become increasingly evident to our friends, as some of the confusion about the technology dissipates, that the ability of the United States to protect its missiles immeasurably strengthens our power to deter and thereby serves to protect our allies. Indeed, such a system is expected to be at least as effective against the SS-20s aimed at Western Europe as it is against ICBMs. Finally, a development pulling the world away from the precipice of nuclear terror goes far to help create an encouraging atmosphere for dialogue and agreement, a vital prerequisite for peace.

In light of the above, we reach two basic conclusions: (1) Developing a stabilizing, limited two-tier strategic defense capability is desirable and called for by the likely strategic conditions immediately ahead. Such a deployment would be helpful both in the military and in the political dimensions. It is a proper response to the challenge posed by political uncertainties and the dynamics of weapons development. The two-layered defense described here can be deployed by the early 1990s. Americans will rest easier when that limited defense is in place, for it will mean that the prospect of a Soviet first strike is almost nil.

(2) A three- or four-layer defense, using such advanced technologies as the laser now under investigation in the research phase of the Strategic Defense Initiative, may become a reality by the end of the century. If this research shows an advanced system to be practical, its deployment may well boost the efficiency of our defense to a level so close to perfection as to signal a final end to the era of nuclear ballistic missiles. A research program offering such enormous potential gains in our security must be pursued, in spite of the fact that a successful outcome cannot be assured at this juncture.

The current debate is necessary. There are many questions, technical and political, ahead of us. For the debate to be constructive, however, we must overcome the tendency to politicize it on a partisan basis. Our objectives should be to find a way out of the current maze of world terror. The president's initiative toward that end is a major contribution to arms control and stability. The aim of making nuclear weapons impotent and obsolete should be encouraged and not savaged.



President Reagan and Vice President George Bush, seated, met Tuesday at the White House with U.S. arms negotiators. From left are Max M. Kampelman, who heads the delegation, John G. Tower and Maynard W. Glitten.

India Celebrates Unity Amid Heavy Security at Parade in New Delhi

By Steven R. Weisman
New York Times Service

NEW DELHI — As usual, elephants in billowing satin blankets carried children who had won awards for heroism. Helicopters flew by, showering the delighted crowd with marigold and rose petals. Dancers marched to the music of bells and drums.

Hundreds of thousands of people lined the streets here as military bands in scarlet uniforms marched by. Tanks were followed by rocket launchers and missiles. A caravan of camels wearing brass anklets carried men in white tunics and red turbans holding semiautomatic rifles.

But at Saturday's annual Republic Day parade in the Indian capital, there also were signs that the national unity being celebrated was being tested as never before. Security was tighter than it has ever been, according to people who have been coming to the parade for years.

In the past, for example, the Indian president has arrived in an open horse-drawn carriage to take his place at the reviewing stand. This year, President Zail Singh drove up in a six-door bulletproof Mercedes-Benz limousine.

In another departure from tradition, the tanks did not turn the barrels of their guns toward the reviewing stand, where Mr. Singh sat with Prime Minister Rajiv Gandhi and other dignitaries. Instead, the tanks raised and then dipped their guns straight ahead as they passed.

In addition, every person in the huge crowd was frisked or made to walk through a metal detector before the parade.

The security was a sign of the uneasiness that has lingered after the assassination Oct. 31 of Prime Minister Indira Gandhi by gunmen identified as Sikh members of her bodyguard. Her shooting touched off riots and other violence, much of it directed at Sikhs by Hindus enraged over Mrs. Gandhi's death.

The Hindustan Times newspaper reported Saturday that four assassination squads were in New Delhi to kill Mr. Singh and Mr. Gandhi. The paper quoted intelligence sources as saying the gunmen had come from India's Punjab state and were trained by Pakistan's military intelligence organization. Reuters reported from New Delhi. Officials in Islamabad have denied any such role.

[Separately, Indian security forces have arrested more than 30 armed Sikh extremists in the northern state of Jammu and Kashmir,

the Press Trust of India news agency reported Sunday.

[It quoted authoritative sources as saying the extremists, armed with rifles, submachine guns and anti-tank weapons, were intercepted during the past two weeks while trying to cross the border between India and Pakistan. It said they included three leading members of an outlawed Sikh students' group, which has been linked by Indian officials to a guerrilla struggle for an independent Sikh nation in adjoining Punjab state.]

Many veterans of the Republic Day parade said they observed far fewer Sikhs in attendance than usual. Hostility between Sikhs and Hindus remains corrosive, months after the rioting ended.

Mr. Singh, a Sikh, is a former chief minister of Punjab, where a Sikh-led separatist movement has been suppressed by the Army.

Because he is an ally of Mr. Gandhi, Mr. Singh has been under particular attack from Sikh leaders who feel he has betrayed their cause. This apparently accounted for the especially tight security around him.

Throughout the country, there were parades and festivities to commemorate the day 35 years ago on which India adopted a constitution establishing itself as a republic. Traditionally Republic Day is India's biggest day of national celebration.

Many came to catch a first glimpse of the 40-year-old prime minister, who scored a huge election victory last month. "I like him because he's young and a leader of young people," said Ramakrishna Shet, 30, a teacher from Goa. "I think he will do anything for us."

Mr. Gandhi sat quietly Saturday on the reviewing stand. But he burst into smiles and applause whenever a group of children marched by. He and Mr. Singh sat with one of the guests at the parade, President Raúl Alfonsín of Argentina.

5 Leaders Arrive for Talks
Mr. Alfonsín was among five foreign leaders arriving in New Delhi for a six-nation summit meeting on nuclear disarmament. The Associated Press reported Saturday from the Indian capital.

The meeting, beginning Monday, also is to be attended by leaders of Greece, Mexico, Sweden and Tanzania.

The aim of the meeting is to persuade the superpowers and nuclear powers to freeze production and deployment of weapons, begin talks on arms reduction and prevent an arms race in space.



Prime Minister Rajiv Gandhi of India, surrounded by security men, waved to large crowds as he drove to the reviewing stand for the Republic Day parade in New Delhi.

Debate on U.S. Naval Visits Intensifies Australia Urges New Zealand to Honor ANZUS Treaty

By William Branigan
Washington Post Service

SYDNEY — The Labor Party governments of Australia and New Zealand have publicly aired their differences over visits by U.S. nuclear warships, an issue that threatens to divide the ANZUS alliance linking the two countries and the United States.

Prime Minister Bob Hawke of Australia, who is preparing to visit the United States early next month, confirmed Friday that he had sent a letter recently to Prime Minister David Lange of New Zealand, concerning the ship visits and the alliance.

The National Times newspaper reported that the "strongly worded letter" buttressed the U.S. position that New Zealand's ban on visits by nuclear warships was incompatible with the ANZUS treaty. Mr. Lange was said to have been annoyed by the letter.

In his statement Friday, Mr. Hawke said that although he was "concerned at false, misleading and damaging reports" about the letter, he would not release a copy of it in accordance with government practice. However, he went on to describe the contents of it in some detail.

The prime minister said he had noted that his government regard-

ed ANZUS as serving "fundamental Australian security interests" and supported visits by U.S. warships under the American policy of neither confirming nor denying the presence on them of nuclear weapons.

Mr. Hawke said he told Mr. Lange that "we could not accept as a permanent arrangement that the ANZUS alliance had a different meaning, and entailed different obligations, for different members."

The letter sought Mr. Lange's views before Mr. Hawke's departure Feb. 2 for meetings in Washington on Feb. 6 and 7.

In reply, the acting New Zealand prime minister, Geoffrey Palmer, emphatically defended the Labor government's ban on visits by nuclear-armed or nuclear-powered ships and said that no outside pressures would change it.

"Our anti-nuclear stance will not be altered by that letter," Mr. Palmer said in Wellington. He said that while New Zealand "remains committed to the ANZUS pact," it would resist "friendly persuasion" by its allies to drop its anti-nuclear principles.

"We will not buckle," Mr. Palmer said.

He said that Mr. Lange would reply to Mr. Hawke's letter following his return Monday from Tokyo.

Taipei Says Writer Was Taiwan Spy, Disclaims Any Motive for His Slaying

By Steve Lohr
New York Times Service

TAIPEI — A senior Taiwan official says that Henry Liu, a Chinese-American writer killed in California last October, was a paid informant for the Nationalist government for more than three years before his death.

The official, who asked not to be identified, said that Mr. Liu supplied the Taiwan government with information about China, mainly military intelligence, based on four trips he made to the mainland.

Earlier, Mr. Liu's widow, Helen, denied reports that her husband had been a paid agent of the Taiwan government or an informer for the U.S. Federal Bureau of Investigation.

The Taiwan official said he was making the disclosure to show that Mr. Liu was a "complicated identity" and that the Taiwan government had no motive to have him killed.

Mr. Liu was the author of a book

critical of Taiwan's president, Chiang Ching-kuo.

Prosecutors in California have issued an arrest warrant charging a purported Taiwan underworld figure, Chen Chi-li, in connection with the murder, and the FBI has asked that Mr. Chen be extradited from Taiwan.

The issue of the Taiwan government's involvement in the Liu murder arose from testimony that Mr. Chen gave Taiwan investigators on Jan. 13, stating that three officials in the Military Intelligence Agency were involved in the case. The nature of their involvement has not been disclosed.

Shortly thereafter, the government announced the arrest of Chen Hu-men, a colonel in the intelligence agency, and the suspension of Vice Admiral Wang Shi-hsin, chief of the agency.

The Taiwan official who described Mr. Liu's role as an agent said that Mr. Liu's last report was a handwritten memorandum, dated Oct. 1, 1984, discussing Chinese troop movements along the China-Vietnam border.

The official added that Mr. Liu's report was mailed from Redwood City, California, and signed with an alias, Liu Hsiang Chen. Mr. Liu, an American citizen, was shot to death on Oct. 15 at his home in Daly City, California, a suburb of San Francisco.

"Two weeks before he was shot, he was still providing information to us," the Taiwan official said. In the Oct. 1 memorandum, the official added, Mr. Liu wrote of a "division-size" offensive on April 20, 1984, by China against Vietnamese forces. The official also produced photocopies of a report that he said was written by Mr. Liu and a deposit slip for a few thousand dollars, purportedly in payment for the information, from a San Francisco bank.

Another senior Taiwan official said the chief suspect in the murder, Mr. Chen, who is purported to be the head of the Bamboo Gang in Taiwan, a crime syndicate, will not be deported to the United States. "He will be charged here," said James C.Y. Soong, a top government official. There is no extradition treaty between the United States and Taiwan. The two do not have official diplomatic relations.

Despite this, State Department officials expressed hope that Chen could be deported to stand trial in California. "Henry Liu is an American citizen, murdered in the United States," an American official said. "We think justice ought to be done."

Trial Certain, Official Says
Taiwan, fearing lasting damage to ties with the United States, will

hold a public trial of any persons suspected of murdering Mr. Liu, a ruling Nationalist Party official said Saturday, according to a Reuters report from Taipei.

The official, who asked not to be named, said the government was determined to proceed with the murder case but declined to say when the trial would take place.

Several members of Taiwan's parliament have said that unless the government moves quickly its reputation and its ties with the United States could be seriously damaged.

A subcommittee of the U.S. House of Representatives already has said it would open hearings into Mr. Liu's murder that could lead to sanctions against Taiwan.

Prison Chief Says Aquino Suspects Can't Be Accepted

United Press International

MANILA — The chief of the national penitentiary said Sunday that he had no room for 17 soldiers charged with killing an opposition leader, Benigno S. Aquino Jr. The announcement creates new pressure for them to be allowed to remain in military custody.

The Manila police chief said earlier that the city jail was too crowded to accommodate the soldiers while they await trial on charges of murdering Mr. Aquino and Rolando Galman, an alleged Communist also gunned down on Aug. 21, 1983.

On Wednesday, prosecutors charged the 17 soldiers as "principals" in the two murders and urged that they be held without bail. Since then, they have remained in their military barracks under guard despite a court order that they be placed in a penitentiary.

Of nine others charged as accessories in the case, only the armed forces chief, General Fabian Ver, Major General Prospero A. Olivas and Hermilo Gosico, a businessman, have surrendered to police. They were released on bail ranging from \$1,500 to \$2,000.

The military authorities have petitioned the special court that will try the case to set bail for the other 23 officers and soldiers and let them remain in military custody until the trial begins Feb. 1.

Soviet Population Grows

Reuters

MOSCOW — The population of the Soviet Union grew in 1984 by 2.5 million to 276.3 million, according to figures published Saturday.

UN Chief, At Camp Near Cambodia, Urges Talks

The Associated Press

KHAO-I-DANG, Thailand — Javier Pérez de Cuéllar, the United Nations secretary-general, toured the Thai-Cambodian border Sunday after making a plea in Bangkok for negotiations between the Vietnamese-backed government in Phnom Penh and the Cambodian rebels opposing it.

Amid tight security, the UN leader was welcomed by thousands of refugees here.

Three artillery explosions were heard in the distance shortly before Mr. Pérez de Cuéllar arrived at Khao-I-Dang, eight miles (13 kilometers) from the border. He was to have visited two other areas near the Cambodian frontier, but Thai government sources said the visits were canceled for security reasons.

The refugee camp in Khao-I-Dang has been swollen by the arrival of about 62,000 Cambodian refugees in recent weeks, during an unusually heavy dry-season offensive by Vietnamese troops against the Cambodian guerrillas.

Sporadic fighting had been reported Saturday at the Rithisen and Nong Chan camps in Cambodia, both formerly held by the non-Communist Khmer People's National Liberation Front.

The front said in a radio broadcast Saturday that a large Vietnamese force backed by tanks was preparing to attack its last camp. The broadcast said the Vietnamese were assembling about 5,000 troops and 40 Soviet-supplied tanks to attack Sanro Changan, which is reportedly defended by about 1,200 guerrillas.

In Bangkok on Saturday, the secretary-general called for negotiations to end the "suffering, destruction and agony" that afflict Cambodia.

Mr. Pérez de Cuéllar, speaking at a banquet at which Prime Minister Prem Tinsulanonda was host, thanked Thailand for welcoming about 600,000 refugees from Cambodia, Vietnam and Laos over the past decade.

In a related development Saturday, Foreign Minister Wu Xueqian of China said that Beijing would continue to support the Cambodian resistance forces, and had increased its assistance after the fall of the Ampil guerrilla camp.

Mr. Wu, who made the comments during a visit to Singapore, also urged the three main guerrilla factions — the liberation front, the Communist Khmer Rouge and the non-Communist guerrillas loyal to Prince Norodom Sihanouk — to form a tighter alliance.

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Luxembourg	L.F.	7,300	3,650	2,000
Netherlands	Fl.	450	225	124
Norway	N.Kr.	1,180	590	320
Portugal	Esc.	11,200	5,600	3,080
Spain	Pes.	17,400	8,700	4,800
Sweden	S.Kr.	1,180	590	320
Switzerland	S.Fr.	372	186	102
Rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East	S.	384	192	78
Rest of Africa, Canada, Latin America, Gulf States, Asia	\$	396	198	108



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28-1-85

Herald Tribune

Published With The New York Times and The Washington Post

How to Slim the Dollar

The dollar is now worth 70 percent more than in 1980. That is a mixed blessing, at best. It is good news for bargain-hunting Americans in London and Paris and for any American who buys foreign goods. It is a major factor in holding down inflation because American products must remain competitive. But there is a high cost for these benefits.

The lower prices abroad are drastically shrinking America's older industries. The "strong" dollar is causing American farmers to lose overseas customers. IBM, the titan of American exporters, complains that the rising dollar has depressed its computer profits. Only this currency gap keeps farmers and IBM from holding their own in world markets.

The Reagan administration has finally conceded that government ought to try intervening in money markets to slow down the run-up of the dollar. The administration's concern is welcome, but selling off more dollars cannot address the underlying problem.

It is the federal budget deficit that has kept interest rates unusually high, thus adding to the dollar's allure as an investment. Not until U.S. government borrowing stops increasing can interest rates ease off enough to make foreign currencies more desirable. Otherwise

the clamor for protectionist measures against foreign goods will become unstoppable.

Through its first term the Reagan administration held that it could not and need not do anything about the dollar's high value. Not to worry, officials said: foreigners are buying dollars because America's vigor and stability make it the best place to invest.

No one believes government intervention alone can scotch the run-up. But when the dollar remained strong even as America's interest rates moved down, the administration had to show concern. Selling dollars and buying up weaker currencies can be at least a short-term palliative. It increases the supply of dollars and, at the same time, the demand for other currencies, thereby strengthening them.

Washington ought to work at attracting foreign investment, but by maintaining stability and opportunity, not by pumping up interest rates. Even further reductions in interest rates may not be enough; other governments also need to do more to revive their economies. But the Reagan administration's new willingness to enter the currency markets is first aid for a malady that cries out for surgery — most of all, deep cuts in the budget deficit.

— THE NEW YORK TIMES.

Terror Made in Taiwan

It turns out that Taiwan, a country friendly to America, was involved in a savage act of terrorism on American soil. Its military intelligence bureau had a hand in gunning down a U.S. citizen, Henry Liu, a critic of the Nationalist Party, in front of his home in Daly City, a suburb of San Francisco, last Oct. 15. Suspicions of a Taiwanese hand had been voiced earlier but confirmation now comes from the Taiwan government. It has announced the bureau's involvement in the murder, has arrested three top officials of the bureau, including the chief, and is making two suspects — described as members of the criminal "Bamboo Gang" — available to U.S. investigators.

Taiwan's involvement will surprise no one familiar with its intelligence activities in America. These have included operations to gain military and political information and to influence the development of American policy and public opinion — operations more subtle to the style of a hostile power — and the surveillance of Taiwanese studying in America and of parts of the Chinese-American community.

These intrusions have provoked broad concern among Americans — but perhaps not broad enough. Taiwan's status as a friendly country, one especially admired by American conservatives, has perhaps inhibited the American reaction to some of its excesses. There

may also have been an unfortunate tendency to accept Taiwan's spying on "Chinese-Americans" as somehow its proper concern.

So why has Taiwan now come forward to disclose its own role in the Liu murder and to take some initial concrete steps against individuals? President Chiang Ching-kuo may understand that the secret police went too far and that it was necessary to cut Taiwan's losses before the case took on the dimensions of Chile's murder of emigre Orlando Letelier. Perhaps Mr. Chiang meant, belatedly, to accept a political requirement to assert authority over a rogue branch of the bureaucracy. Or he saw the wave of anger building in the United States, especially in the House of Representatives, where some members are discussing a bill to arms sales in retaliation for the murder.

A foreign government's assassination of an American citizen on American soil is a hostile act. Had the murder been committed by an avowed enemy of the United States, it would have provoked a national explosion. The Reagan administration is plainly embarrassed by the spectacle of a favored friend acting like a thug. Yet Taiwan must pursue its responsibilities in this case to the end. It must also close out the pattern of intelligence operations that culminated in the murder of Henry Liu.

— THE WASHINGTON POST.

An Opportunity for Seoul

Reaching for a word to throw at the returning exile Kim Dae Jung, South Korea's ruling officials have resorted to an all-purpose cliché: "revolutionary." This is accurate in the sense that Jefferson, too, was a revolutionary. Mr. Kim agitates for free elections and civilian government — so strenuously that after a strong run for president in 1971 he was kidnapped from Japan, jailed and sentenced to death after a suspect military trial in 1980.

That sentence was soon commuted at U.S. request, to clear the way for General Chun Doo Hwan to become the first head of state to visit President Reagan. Now President Chun wants to come again, in April. But first he must deal with that vexatious revolutionary, who plans to return to Seoul next month. Mr. Kim's timing is doubly shrewd because National Assembly elections occur four days after he arrives, and the regime wants to make the most of allowing this limited plebiscite.

The obviously flustered military regime first vowed that Mr. Kim would be jailed at once, to serve out a 17-year sentence. On wiser second thought, it disavowed that threat as the "personal" utterance of the president's secretary

for political affairs. Now Seoul won't say what it will do, but denounces Mr. Kim for betraying his promise to avoid politics in American exile. Rashly spoken, the populist Mr. Kim is playing for high stakes: either martyrdom or a chance to lead the opposition.

Perhaps circumstance will give rise to wisdom. As host of the 1988 Summer Olympics, South Korea yearns to be recognized as a prosperous, stable and comparatively free society. On two counts the evidence is favorable, but liberty is severely rationed. Key parties are banned, opposition figures are forbidden political rights, the press is selectively censored. This is not gold medal behavior.

It may be unreasonable to expect a rapid transformation of South Korea's politics. But how refreshing if a ruling general there were revolutionary enough to greet Mr. Kim with Jeffersonian sentiments: "If there be any among us who wish to dissolve this Union or to change its republican form, let them stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left to combat it." And how unlikely.

— THE NEW YORK TIMES.

Other Opinion

Pressure on Pretoria Can Help

The creation of a "forum" is not an impressive change [but] other reforms could genuinely improve the lot of many blacks. From now on, urban blacks will be able to own the land on which their houses stand. The brutal policy of forcibly removing blacks to the so-called homelands is to be reconsidered; influx controls on black migration from homelands are to be modified. These are real advances.

[President] Botha has not made these

changes out of philanthropy. They are a result mainly of the growing fear that the rioting in black townships during the past six months has engendered in government circles — and of the increasing pressure from the West. The fact that even the right of the Republican Party in America is demanding changes in apartheid has clearly scared white South Africans. Economic pressure has played a part, too. It is clear that it is important to maintain pressure to reform and eventually scrap apartheid.

— THE SUNDAY TIMES (London).

FROM OUR JAN. 28 PAGES, 75 AND 50 YEARS AGO

1910: 'Mail Subsidy' Battle to Begin

WASHINGTON — Magazine publishers who are packing their grips to come to Washington to fight for the "mail subsidy," which makes the Government pay most of their postage, should wear their armor. They are going to run up against a solid formation. President W.H. Taft has pronounced it "little less than a subsidy." Postmaster General Hitchcock holds the loss to the Government in carrying magazines for a payment of one cent a pound but at a cost of more than nine cents to be responsible for the postal deficit. Congress feels strongly that the time has come for action to bring a more adequate return for the service which the Government performs. There is great activity among the publishers of magazines and periodicals. The scent of battle is already in the air.

1935: Upturn May Signal Recovery

WASHINGTON — What is considered as concrete evidence that the United States is started on the road to recovery is seen in the survey issued [on Jan. 27] by the Federal Reserve Board which shows that business activity in December reached the highest level for this month in five years. Not only does the report show that it was the best December since the depression, but indications are not lacking that further gains were made in January, which is taken as the most healthy indication of a definite upward trend which may well mark the first positive recovery step made since 1929. The report was hailed with enthusiasm in Administration circles as evidence that the recovery program with its huge spending is really beginning to take hold.

The Living Reconciled in Respect for All the Dead

By William Pfaff

PARIS — The dispute over how the Western allies are to observe the 40th anniversary of V-E Day is frivolous and unnecessary.

Washington, London, the other Western capitals and Bonn are uncomfortably at odds with one another over what exactly is to be celebrated, by whom, and how to go about it. The wartime allies fear upsetting the West Germans and leading indirect support to the Soviet campaign that presents the anniversary as a warning against alleged "revanchism" in West Germany. Germans see nothing to celebrate in the partition of their country, one result of the allied victory. The people who were the victims of Nazi Germany see every reason to celebrate Nazism's defeat.

But no one in the West has any interest in celebrating a victory over Germany itself. The postwar German Federal Republic has been a formidable parliamentary democracy, which need make political apologies to no one. Germans, nonetheless, are the legacies of their institutional past. The true achievement of the allied military victory in 1945 is that it was followed by two political victories: that of democracy in West Germany, and Western

Europe's postwar reconciliation. This war, unlike the first suicidal convulsion in European civilization, in 1914-1918, has been followed by real peace in Europe, reconstruction and the uniting of the Western European states.

The bad outcome of the defeat of Nazi Germany was establishment of Soviet power over Eastern Europe. There is nothing to celebrate in that. Germany, however, bears ultimate responsibility, having attacked the U.S.S.R. and created the conditions in which it was to choose to seek postwar security in the domination of half of Germany and of everyone whose misfortune it is to live between the German and Russian frontiers.

That they should have done so is comprehensible, although a folly for which Russians — among others — will eventually pay. That, however, is another subject. It was the Russian people who suffered most to overcome Nazi Germany. Had it not been for them the Nazi regime might not have been defeated.

Also true, and willfully neglected in Moscow, is that the Soviet Union probably would

not have survived without the Western allies. Had Hitler not had to fight on a second front in North Africa and Italy during 1942 and 1943, and then in 1944 to prepare to deal with the allied invasion of Western Europe, Russia might never have been able to turn the tide of the war in the East. By 1945 Russia had also received from the West more than 400,000 vehicles and tanks, 15,000 aircraft, oil and industrial supplies, and enough food to have supplied every Russian soldier with something like half a pound of nourishment daily.

What needs to be celebrated this year is that Britain, France, the Netherlands, Belgium, Greece, Norway, Denmark, the United States and Canada are reconciled with the Germans. What is to be regretted is that the Russians are not. In the West there has been a victory of humane values, of civilization.

But might we not, in May, try to do something large? Instead of celebrating military victory, might there not be a celebration of the reconciliation of those who 40 years ago were enemies, and of regard for the dead —

all of the dead? The Soviet Union and its allies could be asked to take part in this. Reconciliation is open to them.

Why not hold such a ceremony — including Germans, the Western allies and delegations from the East, if they would come — in Germany, perhaps in Berlin, possibly at the foot of the blasted tower of the Kaiser Wilhelm Memorial Church, that stark remnant and reminder of the final battle of the war?

Why not, instead of speeches, recall the dead, pray for them — and for those still trapped by the hatreds engendered in the war? Then, perhaps, those assembled might reflectively listen to something from the immense German contribution to civilization, Bach's "St. Matthew's Passion," Beethoven's Ninth Symphony and the Mozart "Requiem" spring to mind. Or possibly one of the final Beethoven quartets — since modesty on such an occasion would be appropriate.

The purpose would be modest, to say that the past is past, and to assert that the future will be secure only if reconciliation endures. It would suggest that vengeance is empty.

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Either Fight Terrorism Or Get Out of Lebanon

By Daniel Pipes

NEWPORT, Rhode Island —

The Lebanese groups that have attacked Americans in the last two years have repeatedly made clear an intention to eliminate the American presence from Lebanon. The American reaction has been to disbelieve them. This is a serious mistake that has cost many lives and, unless repaired, promises to cost many more.

Americans must recognize that the terrorists mean just what they say — and must face up to the stark choice that this poses. Appealing the terrorists would mean withdrawing every American from Lebanon. Deciding to stay, however, would commit the United States to use all means necessary, including costly and unpleasant ones, to protect American citizens and interests in Lebanon.

Consider the sequence of events:

In 1983 the United States Embassy in Beirut and the U.S. Marine Corps barracks were bombed. In the first 10 months of 1984 the president of the American University in Beirut was assassinated, the U.S. Embassy was bombed a second time and three Americans — a missionary, a television correspondent and a diplomat — were kidnapped.

In November 1984 a Shiite group linked to some of these attacks threatened to continue the violence. "We, the Islamic Jihad organization, warn... that we shall blow up all American interests in Beirut and any part of Lebanon.... We address this

warning to every American individual residing in Lebanon."

In the next two months, a librarian was abducted and two Americans were tortured and killed by Lebanese Shiites in a hijacked plane. The U.S. Embassy in Rome would have been bombed but for superb police work. Finally, an American priest, the Reverend Lawrence Martin Jenco, was kidnapped in Beirut on Jan. 8.

Three days later, Islamic Jihad renewed its threat: "After the pledge that we have made to the world that no Americans would remain on the soil of Lebanon, and after the ultimatum we have served on American citizens to leave Beirut, our answer to the indifferent response was the kidnapping of Mr. Jenco. All Americans should leave Lebanon."

In reply, a State Department spokesman declared that the United States "is not going to be forced out of Lebanon." Islamic Jihad then answered that all five American hostages taken in the past months would be tried on charges of spying.

Islamic Jihad has repeatedly declared its goal to be complete extermination of the American presence in Lebanon — commercial, educational, journalistic and religious as well as governmental. This intention could hardly be stated more emphatically or pursued more directly, yet American observers hesitate to take Islamic Jihad at its word. The audacity of its goal makes it seem implausible.

No, the Press in America Doesn't Run the Country

By James Resion

WASHINGTON —

You could get the idea listening to General Westmoreland vs. CBS or General Sharon vs. Time magazine that public officials are now the victims of a powerful and reckless communications industry. If you can buy that baloney, you will swallow anything.

That reporters and editors are often insensitive or careless, and sometimes even reckless, in their invasion of the privacy of ordinary citizens nobody would deny. But in the endless, inevitable and necessary struggle between officials and reporters, the balance of power is now obviously running with the officials and not with the reporters.

I cannot remember a time in the last 50 years in America when officials dominated the news as much as they do today. They determine the wording and timing of official information, with a keen eye on when to dramatize good news and when to minimize bad news.

President Reagan feels uncomfortable with the questions of reporters at news conferences, he simply avoids them, as he did in the time between his nomination and his election. If he is elected, reporters might embarrass his invasion of Grenada, he simply bars them. And the evidence is that most of the American people think this is a dandy idea.

Franklin Roosevelt, the master of radio politics, did not care what the editorial writers or columnists thought about him or his policies, so long as he could make the news on the front pages and make his fireside chats to the people on Sunday evenings. He was not elected four times by accident.

Ronald Reagan, the master of television politics, makes FDR look like an amateur. He can get a national television audience for his policies or opinions almost any time he likes, and his trusted aides are not far behind.

It is hard to get up these days and tune in on the morning television shows without seeing some cabinet or White House staff official proclaiming the virtues of bigger defense budgets, or minimizing the dangers of big deficits. And on Sunday mornings on the David Brinkley show, "Face the Nation" and "Meet the Press" (where there is now no more press) their sermons get more attention than all the preachers in the land, and are reported on the pages of the Monday morning papers.

Nobody can blame government for emphasizing its achievements and minimizing its blunders or failures. All institutions do that, including newspapers and networks, bishops, reporters and editors.

The interesting thing these days is not that the media (to use that unfortunate word) are challenging the power, policies and propaganda of government so much, but that they are challenging it so little and so ineffectually.

And the paradox of it is that the papers and the networks are condemned for their pains by an administration that denounces the oppressive power of government and proclaims the freedom of individuals and non-government institutions, except when freedom is used to question the government's power and policies.

One thing is obvious. Conceding all the stammers and blunders of the newspapers and the networks, officials are certainly not denied the opportunity to state their own views. About 20 years ago the major newspapers of America decided that the tangles of foreign and domestic policy were too serious to be left to the papers' own commentators, and they opened up opinion pages to the views of officials or anybody else who could express a coherent contrary argument.

The press, radio and television in America have never been more open than today. With the development of photocomposition, the offset press, and public and cable television, and despite the failure of many big city evening papers, we are in the midst of the freest communications revolution since the invention of movable type.

The question is whether the power of the press or the power of government is the greater menace to the security of the people. The view in this corner is that America needs them both, for it is clear these days that there is a fundamental dispute about what "security" of the country really means. Some feel it needs more weapons, others fewer deficits.

These are fundamental issues that need to be debated by a strong government and a strong press. "I was thinking the other day," Mr. Reagan told a rally of his appointees on Friday, "that in our first administration we made history — and in our second, we can change history forever.... From here on in it's shake, rattle and roll." Well, forever is a long time, and the president's views were reported. But if we are going to "shake, rattle and roll" maybe we should do it together, instead of just taking his word for it.

Is this a self-serving argument for the media? You bet it is, but it is also an argument for the people — who don't much like the press but probably would not like what they get without it.

The New York Times.



'American Embassy, please ...'

Americans are accustomed to enmity based on political differences, not to hatred of their culture. The belief persists that the attacks are connected to specific policy goals. That Islamic Jihad aims to root out American influence, not change U.S. policy, remains unrecognized.

Ignoring Islamic Jihad's explicit ambition fits a long tradition of paying inadequate attention to statements of intent that sound too strange to be plausible.

Adolf Hitler spelled out his intentions in "Mein Kampf" but they were

considered too outlandish to be taken seriously. Ayatollah Ruhollah Khomeini spelled out his plans for an Islamic government in writing, but very few took him at his word.

Must the Islamic Jihad's vision of eliminating American influence be treated in similar fashion? That its aims do not fit familiar rubrics is no reason to discount them.

Americans must own up to the choice they face — withdraw or resist with every means at hand. If they decide to stay, they must be prepared to do combat with a determined ene-

my, by violent means if necessary, at considerable cost in American lives. Should the price of staying be deemed too high, America should withdraw now, before more lives are lost. If standing firm be the choice, as the State Department seemed to indicate, then the threat posed by terrorist organizations must be countered.

The writer is associate professor of strategy at the United States Naval War College and author of "In the Path of God: Islam and Political Power." He contributed this to The New York Times.

Communist China Is Still Communist

By David L. Shambaugh

This is the second of two articles.

BEIJING — If China became "capitalist," not only would the Communist Party lose its raison d'être but it would stand to lose control of a potentially divided country. No achievement has been so dear to the hearts of senior party leaders as the maintenance of territorial "unity" attained through decades of arduous revolutionary war and political mobilization. These leaders have not forgotten the warlord era.

The Stalinist state and party bureaucracy stands to lose the job of controlling a centrally planned and administered economy. Millions of bureaucrats and military officers stand to lose their perks.

A substantial segment of the population has grown comfortable with the welfare state of the past 35 years and would prefer to continue "eating out of the big pot" rather than fend for itself in the marketplace. And millions of uneducated young people, inefficient workers and managers who lack entrepreneurial skills stand to lose from the current reforms.

All these groups are potentially strong inhibiting factors against the growth of "capitalism" in China.

In any case, decentralizing a command economy is a difficult task, and the Chinese leadership has made clear that there are important limits to reform. Many key sectors of the Chinese economy will remain nationalized and centrally administered, including energy, transportation, banking and the military complex.

It is true that significant "capitalist" policies have been introduced in various other sectors, but property and the "means of production" are still collectively owned. Production targets must still be met. China's 800 million peasants must still fulfill their output quotas before they can sell their surplus on the "free market."

Bonuses are handed out to factory workers, by and large, across the board or through favoritism rather than by the piece-rate system. Jobs are still predominantly assigned by the state. The vast entrenched bureaucracy still has the prerogative and the penchant to stifle entrepreneurial initiative at lower levels.

In the ideological sphere, there is indeed widespread cynicism about orthodox Marxism-Leninism. Yet it remains the underpinning of intellectual and artistic life. I can testify that there has been no abandoning of Marxism in the university classroom. "Marxism-Leninism-Mao Zedong

Thought" continues to be de rigueur in teaching and research in the humanities and social sciences. Many students may detest it, but they still must memorize the Marxist canons and theoretical interpretations, and their grades are given accordingly. Developing independent critical faculties is not encouraged or rewarded.

The situation is even worse in the realm of the arts and literature, despite very recent proclamations to the contrary. Socialist realism may be waning in the fine arts, political themes no longer dominate opera and theater and there has been a new call to let "a hundred flowers bloom" in literature, but all artists know well that they must create within the confines of building a "socialist spiritual civilization" and upholding the "four basic principles" — the socialist road, the people's democratic dictatorship, leadership by the party and Marxism-Leninism-Mao Zedong Thought.

All things considered, the news of communism's demise in China is premature, to say the least.

The writer, author of "The Making of a Premier: Zhao Ziyang's Provincial Career," has been conducting research in China since 1983. He contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR

Hunger in Africa: The Farmer Needs Confidence

Two commentaries in your Jan. 11 issue outline the problem of food production in Africa, reflecting the urgency of the present tragedy there. In "A Crucial Second Step in Fighting African Hunger," Jack Shepherd applauds some of the agencies that for more than 20 years have struggled with the problem. But the fact is that all these efforts, the huge sums of money, the thought and the goodwill have simply not worked.

The present situation is proof. In "The Ebbotage Formula: Ingenuity, Good Sense, Sweat," Christopher Matthews writes: "It is increasingly recognized that the key to solving Africa's food problem lies not with commercial farms or billion-dollar projects but in helping the smallholder to produce more food for himself and his community." And in this recognition is our hope.

The small farmer is clearly the answer — as has been proved in India. He must be listened to, re-

spected and, above all, given a chance. As one Swahili expert in Africa explained, "The farmers say, 'Why should I break my back building an irrigation system... when next year I may be farming elsewhere?'" And further, "Farmers have lived in fear that their farmland will be redistributed to other peasants or to farmer cooperatives."

This is obviously no way to increase food production. Nehru said it well: "Progress is giving a man who has a wooden plow the opportunity to get himself a metal plow." This means production, yes, but also self-respect — evidence that effort and initiative ("ingenuity, good sense, sweat") can be the solution of the tragedy that is rightly troubling the conscience of the world.

MILICENT H. FENWICK, Ambassador of the United States, Mission to the UN Agencies for Food and Agriculture, Rome.

Disaster Is Nonpartisan

We will have to live with technical disasters like the one at Bhopal, along with natural calamities like cyclones, earthquakes and droughts. All the victims need immediate relief. Could we not remove considerations of politics, multinational balance sheets, and religion from relief work by having an international agency to

deal with such disasters, backed by an international disaster fund?

VASANTI SAWANT, Paris.

Bank on Tardy Action

Regarding the opinion column "There Are Land Mines Under America's Big Banks" (Jan. 15):

Monimer B. Zuckerman's column

is a valid analysis of the time bomb in America's banking structure. But all three of the measures he suggests require federal initiative and enforcement. Will an administration desert them? I want to compliment you on your Jan. 16 report "Rightist Angels on America's Shoulder" by Kathy Sawyer. It is clear and fair.

But there is an unfortunate error: Some fundamentalists are "double separatists," not "devil separatists," as your printer's devil has you say. "Double separatism" means holding oneself distinct not only from so-called "liberal Protestants" but also from other conservatives who still associate with those liberals.

HAROLD O.J. BROWN, Klosters, Switzerland.

The headline is unfortunate, since it implies that these people "angel" somehow have an unquestionable knowledge of right and wrong. This is certainly a matter of debate.

DAVID BENJAMIN, Trondheim, Norway.

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EUROBONDS

Investors Rush to Snap Up High-Yielding Securities

By CARL GEWIRTZ

International Herald Tribune

PARIS — With a near record gap between short-term Eurodollar rates and longer-term bond-market rates something had to give—and last week it did, as investors began jumping into the bond market to grab high-yielding securities while they were still available.

The two forces fueling the run into the bond market were expectations that short-term rates could continue to ease and that the gap between longer-term rates would have to decline, meaning long-term rates would have to fall faster than short-term rates.

The gap last week between three-month Eurodollar rates and 10-year Eurobonds was a wide 315 basis points (3.15 percentage points). Salomon Brothers economist Jeffrey Hanna said this was close to the record gap of 360 basis points set in September 1982. (Salomon began its Euro-market data in 1979). Since mid-1982, when the Federal Reserve adopted a less monetarist policy, the spread between short- and long-term rates has averaged just under 200 basis points, Mr. Hanna said.

The gap can be closed by short-term rates rising or long-term rates declining. And last week, following declines in the latest weekly money-supply figures and durable-goods orders, the popular view was that the long-term rates would do the adjusting.

Technical analysts shared this view. Arnold P. Simkin, Merrill Lynch's former European economist who is now in business for himself under the name of Sratecon, noted that non-borrowed reserves of U.S. banks rose a sharp 8.8 percent in the first half of this month compared with the first half of December. He concludes that this jump in the banking system's liquidity must ultimately show up as lower interest rates.

INVESTORS needed no convincing. Bankers last week reported that Eurodollar time deposits coming up for renewal are not being reinvested in the money market but rather are being redeployed in the bond market to take advantage of the significantly higher returns.

In New York, however, some of the steam ran out of the bond-market rally late Friday following a warning from the one Fed governor who opposed the last cut in the discount rate that the fight against inflation is not finished and that restraint in the future growth of the money supply "will be needed... if the goal of price stability is to be realized."

The downdraft in New York prices may have been nothing more than normal profit-taking, especially because last week's rally there was much sharper than the gains experienced in the Eurobond market.

In any event, the price of Eurobonds launched earlier this month at what then appeared to be very aggressive terms were strongly bid up from their initial steep discounts. In this environment Arizona Public Service and Gulf States Utilities, both carrying low-grade investment ratings, were each able to market \$75 million of seven-year notes. Arizona offered a coupon of 12 1/2 percent, and Gulf States, a coupon of 13 percent, about half a point less than what they would have had to pay to raise funds in New York, but rich enough to attract buyers in Europe. Both ended the week at relatively modest discounts of less than 1 percent.

Even South Africa, whose paper is always difficult to sell in the dollar market, was able to raise \$75 million through its Electricity Supply Commission. Its six-year notes carried a coupon of 12 1/2 percent, but they traded at a hefty discount of 1 1/2 percent.

As the week ended and sentiment turned increasingly bullish, Denmark returned to the market for \$100 million, paying a coupon of 10 1/2 percent for five-year money. The notes were offered at 99 1/2 but were quoted at a two-point discount. By contrast, Credit Agricole and Signal Cos. had no problem placing seven-year notes, each for \$125 million. Triple-A rated Credit Agricole paid a coupon of 11 1/2 percent while Signal offered 11 3/4 percent.

Of particular interest was the poor performance of the bonds targeted for sale in Japan—where, until recently, institutional investors have been willing to buy paper issued by Japanese companies almost regardless of coupon level as a means of

Eurobond Yields

For Week Ended Jan. 23

U.S. 3 to term, int'l inst.	11.68 %
U.S. 3 to term, int'l inst.	11.61 %
U.S. 3 to term, int'l inst.	11.57 %
U.S. 3 to term, int'l inst.	11.54 %
U.S. 3 to term, int'l inst.	11.51 %
U.S. 3 to term, int'l inst.	11.48 %
U.S. 3 to term, int'l inst.	11.45 %
U.S. 3 to term, int'l inst.	11.42 %
U.S. 3 to term, int'l inst.	11.39 %
U.S. 3 to term, int'l inst.	11.36 %
U.S. 3 to term, int'l inst.	11.33 %
U.S. 3 to term, int'l inst.	11.30 %
U.S. 3 to term, int'l inst.	11.27 %
U.S. 3 to term, int'l inst.	11.24 %
U.S. 3 to term, int'l inst.	11.21 %
U.S. 3 to term, int'l inst.	11.18 %
U.S. 3 to term, int'l inst.	11.15 %
U.S. 3 to term, int'l inst.	11.12 %
U.S. 3 to term, int'l inst.	11.09 %
U.S. 3 to term, int'l inst.	11.06 %
U.S. 3 to term, int'l inst.	11.03 %
U.S. 3 to term, int'l inst.	11.00 %
U.S. 3 to term, int'l inst.	10.97 %
U.S. 3 to term, int'l inst.	10.94 %
U.S. 3 to term, int'l inst.	10.91 %
U.S. 3 to term, int'l inst.	10.88 %
U.S. 3 to term, int'l inst.	10.85 %
U.S. 3 to term, int'l inst.	10.82 %
U.S. 3 to term, int'l inst.	10.79 %
U.S. 3 to term, int'l inst.	10.76 %
U.S. 3 to term, int'l inst.	10.73 %
U.S. 3 to term, int'l inst.	10.70 %
U.S. 3 to term, int'l inst.	10.67 %
U.S. 3 to term, int'l inst.	10.64 %
U.S. 3 to term, int'l inst.	10.61 %
U.S. 3 to term, int'l inst.	10.58 %
U.S. 3 to term, int'l inst.	10.55 %
U.S. 3 to term, int'l inst.	10.52 %
U.S. 3 to term, int'l inst.	10.49 %
U.S. 3 to term, int'l inst.	10.46 %
U.S. 3 to term, int'l inst.	10.43 %
U.S. 3 to term, int'l inst.	10.40 %
U.S. 3 to term, int'l inst.	10.37 %
U.S. 3 to term, int'l inst.	10.34 %
U.S. 3 to term, int'l inst.	10.31 %
U.S. 3 to term, int'l inst.	10.28 %
U.S. 3 to term, int'l inst.	10.25 %
U.S. 3 to term, int'l inst.	10.22 %
U.S. 3 to term, int'l inst.	10.19 %
U.S. 3 to term, int'l inst.	10.16 %
U.S. 3 to term, int'l inst.	10.13 %
U.S. 3 to term, int'l inst.	10.10 %
U.S. 3 to term, int'l inst.	10.07 %
U.S. 3 to term, int'l inst.	10.04 %
U.S. 3 to term, int'l inst.	10.01 %
U.S. 3 to term, int'l inst.	9.98 %
U.S. 3 to term, int'l inst.	9.95 %
U.S. 3 to term, int'l inst.	9.92 %
U.S. 3 to term, int'l inst.	9.89 %
U.S. 3 to term, int'l inst.	9.86 %
U.S. 3 to term, int'l inst.	9.83 %
U.S. 3 to term, int'l inst.	9.80 %

Market Turnover

For Week Ended Jan. 23

(Millions of U.S. Dollars)

Total Dollar Eurodollar

9,968.80 7,787.50

13,912.50 12,598.40

2,180.50 1,214.10

Phillips Stock Call Opposed

Jacobs Attacks Refinance Plan

By Robert J. Cole

New York Times Service

NEW YORK — Irwin L. Jacobs, the Minneapolis businessman, says that he has been buying stock in Phillips Petroleum Co. and will vote against its proposed refinancing plan.

Phillips, meanwhile, is understood to have raised \$1.5 billion from major U.S. insurance companies to finance the plan.

The money would be used to buy back \$1 billion of company stock to help buoy the market price. Phillips on Friday called a meeting for Feb. 22 for shareholders to vote on the plan, under which employees would own a controlling interest in the company.

Mr. Jacobs said Friday that he had not joined with anyone against the Oklahoma-based oil company.

He nevertheless is expected to receive support from such other dissident stockholders as Ivan Boesky, the Wall Street arbitrator, who is thought to have a significant block of Phillips stock, and Carl C. Icahn, a leading New York investor who may also have a big block of Phillips stock.

None, however, has accumulated as much as 5 percent of the company's 154 million shares or he would be required by law to say so.

"The way I see it," one major oil analyst remarked, "is that these guys are going to try to lead a proxy fight to liquidate Phillips. Why take what Phillips is offering when they can get \$60 through liquidation?"

Mr. Jacobs said: "I have no problem with the employees buying control of this company. But the employees should either buy the whole company at a fair price or someone else should buy it."

Traders bid up the price of Phillips on the New York Stock Exchange to a closing \$48.88 a share Friday, up 88 cents, on a volume of nearly 3 million shares.

At issue among dissident stockholders is a refinancing announced by Phillips on Dec. 23 as part of a peace plan with T. Boone Pickens, the Texas oilman who had been waging a hostile takeover battle against the company.

Phillips, however, has eliminated the Pickens threat by buying back his group's stock at \$53 a share.

Now, if shareholders approve, Phillips would buy back 38 percent of each remaining shareholder's stock for bonds it values at \$60 a share.



Irving Ackerman, a broker and a governor of the Makati Stock Exchange in Manila.

Manila's Economic, Political Woes Batten Once-Thriving Stock Market

By Steve Lohr

New York Times Service

MANILA — Last October, the local radio program carrying the daily trading session on the Manila Stock Exchange was finally pulled off the air. In better times, the program had been a continuous chatter of transactions being announced in the shorthand of company names and share prices.

"But by last year it was mostly just long periods of silence," explained Ramon Gonzales, an executive at a big Manila brokerage house.

Reflecting the economic troubles and political uncertainty in the Philippines, the Manila stock market—composed of two exchanges, the Makati and the Manila, which trade the same issues—may well have been the worst-performing market in the world last year.

"We stood at the bottom of the ladder in the region and maybe elsewhere, too," conceded Fred Hagdorn, president of the Manila Stock Exchange.

The sorry state of the local markets has stretched the vocabularies of local financial reporters. Journalistic clichés such as "lackluster performance" and "quiet trading" have given way to "moribund" and "comatose."

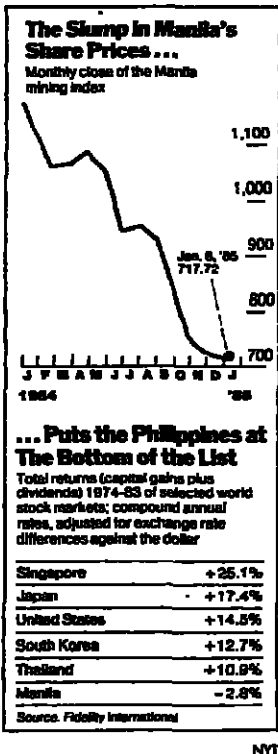
Those who speak of a bear market are branded as optimists. "The bear story has ended," one analyst said. "Maybe the stock market will gasp its last breath in 1985."

The slide in share prices last year was chilling. The commercial-industrial index on the Makati exchange fell 41 percent in 1984, while the same gauge on the Manila exchange dropped 36 percent.

But it is the level of trading, or lack of it, that most worries brokers here.

On a recent trading day, two dozen men lingered around the 50 wooden booths at one exchange. Most were talking casually to one another. Others were reading newspapers. Only two traders were on

(Continued on Page 13, Col. 7)



W. German Rate Hike Seen as Not Slowing Dollar

Reuters

FRANKFURT — An increase in West German interest rates would do little to dampen the strength of the dollar and there is no clear evidence that the dollar's rise has aggravated inflation in West Germany, the president of the Hamburg regional central bank said.

Wilhelm Nolling, who is also a member of the Bundesbank's policymaking council, said in an interview published by Die Welt newspaper Saturday that recent experience in Britain gives grounds for doubt that modest interest-rate rises can protect a currency.

While the dollar has risen about 40 percent against the Deutsche mark since 1981, this has not been reflected in higher prices, he said.

The Bundesbank's council includes six directorate members plus the heads of 11 regional central banks. It meets Thursday amid speculation that it will consider an increase in the discount rate, now at 4.5 percent, and in the Lombard rate, now 5.5 percent.

Commercial-bank economists have said that it is the threat of imported inflation that most worries the Bundesbank.

Leonhard Gleske, a member of the directorate, said last week that the central bank cannot ignore the impact of currency fluctuations on prices when considering monetary policy.

Mr. Nolling said in Die Welt that annual increases in West German consumer prices have declined since 1981 from 6 percent to about 2 percent.

Latest official figures show that consumer prices grew at a year-on-year rate of 2 percent in December, while prices of imports rose 4.8 percent.

Mr. Nolling said it would be wrong to jump too quickly to conclusions linking the dollar's rise and domestic-price levels. He added that import prices have also weakened recently.

In an interview appearing Sunday in Welt am Sonntag, the chairman of Commerzbank AG, Walter Seipp, said that West Germany could "live quite comfortably with a dollar which ranges from 3 marks to 3.2 marks."

In late New York trading Friday, the dollar was at 3.171 DM, up from 3.163 Thursday.

"We should not react hysterically to the strength of the dollar," Mr. Seipp said, noting that a weaker mark helped West Germany's exports.

He warned last Thursday that GM's site-selection committee was beginning to lose its patience with the flood of inquiries from local officials.

GM's Saturn Becomes Most-Sought Industrial Project in U.S.

By James Risen

Los Angeles Times Service

DETROIT — When Governor James R. Thompson of Illinois first read of General Motors Corp.'s plan to build a new high-tech assembly complex for its proposed Saturn small car, he immediately telephoned GM's chairman, Roger B. Smith.

In the call, which pulled Mr. Smith out of a meeting Jan. 9, Mr. Thompson said he wanted the Saturn complex for Illinois, and flew to GM headquarters in Detroit the next day for a highly publicized meeting with the Saturn project chief, Joseph Sanchez, to extol the virtues of his state. (Mr. Sanchez died at the weekend following a heart attack.)

Mr. Blanchard also announced that he was setting up a task force in the state Commerce Department to lure the Saturn plant to Michigan. Later, he talked about how Michigan's auto-supplier base makes it the logical place for Saturn. Mr. Blanchard added that Michigan "will meet or exceed any incentives offered to GM by any other state."

But that was just the beginning. Since Mr. Smith announced Jan. 8 that GM will create Saturn Corp., a subsidiary charged with the \$5-billion task of developing an all-new small car for the late 1980s that will be competitive with the Japanese, politicians from virtually every industrial state in the country have been tripping over each other in their efforts to woo Saturn.

Afterwards, Mr. Smith set behind the wheel of a Saturn prototype at the GM Technical Center in Warren, Michigan, for the benefit of the camera crews from back home, and told the press how Illinois's high-tech base makes it the logical place to locate Saturn.

The day after Mr. Thompson's visit, Governor James J. Blanchard of Michigan went to Detroit from the state capital in Lansing to try to make sure that Saturn was not stolen out from under him. He met with Mr. Smith, F. James McDonough, the GM president, and Mr. Sanchez, and was reassured that, at the very least, the headquarters staff for Saturn would be based in Detroit.

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Lean Bank Assets Give FRNs a Boost

By Carl Gewirtz

International Herald Tribune

PARIS — A glance at last week's new-issue calendar in the Euro-bond market, where the \$1.6-billion of floating-rate notes was double the \$775 million of

fixed-coupon dollar offerings, could lead a casual observer to the wrong conclusion that investors are worried about a rise in interest rates.

Flosters, through their preset changes in coupon, are the traditional haven of investors harboring such fears. But currently investors are driven by quite the opposite anxiety—that rates are poised to drop—and are stampeding to buy fixed-rate paper.

So what explains the heavy volume of new FRNs? The answer is starvation: Asset starvation of the international banks whose capital constraints have made them reluctant to write new loans.

This led the banks to the business of generating fees through the public sale of renewable short-term loan participations, aiming to increase profits through the sale of such paper without blowing up the asset side of their balance sheet by taking the loans on their own books.

Initially, only the best sovereign or corporate borrowers could tap this market and the low cost relative to what the banks traditionally charged to make loans assured a steady volume of business.

Sweden, Denmark (which has just announced plans to raise \$1 billion in the U.S. commercial-paper market), Ireland and Belgium are using this opportunity to prepay more costly outstanding bank loans or FRNs at a time when their improving balance of payments has meant they need to borrow less.

And now even the banks such as Banque Nationale de Paris and Credit Commercial de France are beginning to prepay FRNs which pay what currently look like lofty coupons of 4 1/2 percent over the London interbank offered rate.

The bind for the banking community, in addition to being the principal issuer of FRNs has always been the major buyer of such paper, is that their constraint about balance-sheet growth is not matched by a willingness to report stagnant earnings.

They may be pleased to have their portfolio of loans or FRNs reduced, but more than ever, given continued public wariness about the overexpansion of banks to troubled Third World debtors, the

ness of generating fees through the public sale of renewable short-term loan participations, aiming to increase profits through the sale of such paper without blowing up the asset side of their balance sheet by taking the loans on their own books.

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Reports Mixed From Panel on OPEC Pricing

The Associated Press

GENEVA — Saudi Arabia's oil minister, Sheikh Ahmed Zaki Yamani, said Sunday that an OPEC committee had made progress toward a solution to the cartel's price disarray. However, other OPEC officials were less optimistic.

The seven-member panel, of which Sheikh Yamani is chairman, met Sunday in Geneva to prepare recommendations for Monday's emergency meeting of the 13 nations in the Organization of Petroleum Exporting Countries.

The cartel is trying to prevent prices from sinking further under the pressure of weak demand for oil and increasing competition from Britain and other non-OPEC exporters.

During a break in the talks, Sheikh Yamani told reporters, "We are discussing everything" that might be done to restore unity and discipline to OPEC's price structure. He added that progress was being made, but he declined to say what specific action was being considered.

Tam David-West, the Nigerian oil minister, said, "Everything is going very well, very well."

However, Mana Said al-Oteibi, oil minister of the United Arab Emirates, said it would be "very difficult" for OPEC to agree this week on an effective realignment of prices. His pessimism was echoed by other ministers, who spoke on condition they not be identified.

Officials said Saturday that a separate OPEC panel had agreed to recommend to Monday's meeting that the cartel maintain its benchmark price of \$29 a barrel for Arabian light crude oil and stick to the

production ceiling of 16 million barrels a day it set Oct. 31.

Sheikh Yamani's committee was charged with deciding how OPEC could realign the prices of its dozens of different grades of oil. A realignment might not include a change in the base price of \$29, but it would seek to restore balance to a badly disjointed pricing system.

A senior member of one delegation said he saw little chance that OPEC would agree to a logical and effective realignment of its prices unless Saudi Arabia unexpectedly dropped its opposition to raising the price of its lower-quality oils. That could be an alternative to cutting the price of the higher-quality crudes.

Sheikh Yamani has been quoted in recent days as saying that Saudi Arabia would not accept an increase in the price of its Arabian heavy crude because it would mean an unjustified loss of sales.

Many of Saudi Arabia's partners in OPEC believe that the price of the lower-quality crudes must be raised to reflect growing demand for that grade of oil.

Last month, at its year-end meeting, OPEC announced an agreement to raise the price of those heavy oils by 50 cents a barrel, to raise medium grades by 25 cents and to cut extra-light oils by 25 cents. But Nigeria and Algeria rejected the arrangement.

Some analysts have said recently that they believe OPEC will be forced soon to reduce all its prices by at least \$1 a barrel. That would be only the second official reduction in the cartel's 25-year history. The first cut was from \$34 to the current \$29 in March 1983.

Soviet Output Of Crude Oil Fell Last Year

New York Times Service

MOSCOW — Soviet oil production in 1984 slipped back to 1982 levels, the Central Statistics Board reported.

The figures showed that 613 million tons of petroleum had been extracted in 1984, 3 million tons less than in 1983 and considerably below the target of 624 million tons in the Soviet Union, the world's largest oil producer.

The statistics were published Friday in Izvestia, the government newspaper, alongside a report on a Politburo meeting at which Soviet leaders demanded the "liquidation of the lag in extraction of oil and coal." Coal production dropped from 716 million tons in 1983 to 712 million tons last year.

According to Western experts, the Soviet Union has already pared its subsidized exports to its East European allies, and a continuing decline could cut Soviet foreign-exchange earnings. Oil accounts for 60 percent of Moscow's hard-currency income.

Natural gas production was 587 billion cubic meters (20.5 trillion cubic feet) last year, more than the target of 578 billion and up from 536 billion in 1983, Izvestia reported.

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States

DJ Index	1,276.04	1,277.38	+1.34
DJ Ind. Ave.	148.18	147.57	+0.61
DJ Transp.	104.72	104.72	+0.00
S&P 500	176.20	176.20	+0.00
S&P 500	177.35	177.35	+0.00
NYSE Comp.	102.42	102.42	+0.00

Data from Professional Stock Services

Money Rates

United States

Discount rate	8	8
Federal funds rate	8 1/4	8 1/4
Prime rate	10 1/2	10 1/2

International Bond Prices - Week of Jan. 24

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New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price	Yield of offer	Price end week	Terms
FLOATING RATE NOTES							
Bank of Greece	\$250	1997	1/4	100	—	98.60	Over 6-month Libor. Minimum coupon 5 1/8%. Callable at par on any interest payment date and redeemable at par in 1993 and 1995. Fees 1.45%. Denominations \$10,000.
Belgium	\$400	2000	libor	100	—	99.30	Interest at the higher of either 1-month Libor or 6-month Libor, set monthly and payable semi-annually. Minimum coupon 5 1/8%. Callable at par on any interest payment date after 1986. Fees 0.35%. Denominations \$20,000.
Combrion & General Securities	\$50	1992	1 1/4	100	—	—	Over 6-month Libor. No minimum coupon. Secured by U.S. government and other securities. Additional \$20 million reserved for a one year top. Fees 2%.
Chemical New York	\$300	1997	1 1/4	100	—	99.70	Over 3-month Libor. Minimum coupon 5 1/8%. Callable at par on any interest payment date after 1986. Fees 0.24%. Denominations \$50,000.
First Bank System	\$150	1996	1/4	100	—	99.70	Over 3-month Libor. Minimum coupon 5 1/8%. Callable at par on any interest payment date after 1986. Fees 0.30%. Denominations \$10,000.
India Oil & Natural Gas Commission	\$150	1997	1/4	100	—	—	Over 6-month Libor. Minimum coupon 5 1/8%. Redeemable at par in 1992 and 1995 and callable at par on any interest payment date after 1986. Fees 0.45%.
Shawmut	\$50	1997	1/4	100	—	—	Over 3-month Libor. Minimum coupon 5 1/8%. Callable at par on any interest payment date after 1986. Fees 0.30%. Denominations \$10,000.
Wells Fargo	\$250	1997	1/4	100	—	99.60	Over 3-month Libor. Minimum coupon 5 1/8%. Callable at par in 1988. Fees 0.45%. Denominations \$50,000. Increased from \$150 million.
FIXED-COUPON							
Arizona Public Service	\$75	1992	12 1/2	100	12 1/2	99.13	Noncallable.
Caixa Nacional de Cr�dito Agr�rio	\$125	1992	11 1/4	100	11 1/4	99	Noncallable. Payable April 2.
Denmark	\$100	1990	10 1/2	99 1/2	10.92	97.83	Callable at par in 1988. Payable March 29.
Ecom	\$75	1991	12 1/2	100	12 1/2	98.13	Noncallable.
Gulf States Utilities	\$75	1992	13	99 1/2	13.10	98.83	Noncallable.
Nissho-Iwai	\$100	1992	10 1/4	100	10 1/4	97.75	Noncallable. Denominations \$10,000. Payable April 1.
NYK Line	\$50	1992	10 1/2	100.60	10 1/2	98.60	Noncallable. Payable March 15. Denominations \$10,000.
Signal Companies	\$125	1992	11 1/4	100	11 1/4	99.38	First callable at 101 in 1990.
Toyota Menka	\$50	1992	10 1/2	100	10 1/2	97.83	Noncallable. Payable April 11.
American Express Overseas Credit	DM 20	1990	6 1/2	100	6 1/2	—	Noncallable private placement.
National Bank of Hungary	DM 100	1993	7 1/4	100	7 1/4	98	Noncallable.
Sweden	DM 500	1995	7 1/4	100	7 1/4	97.83	First callable at 102 in 1990.
World Bank	DM 500	1995	7 1/4	99 1/2	7.32	98	Noncallable.
American Brands	\$40	1995	12	100	12	99.38	Noncallable.
Banco Nazionale Dell'Agricoltura	ECU 50	1992	10	100	10	—	Callable at 100 1/4 in 1992.
EIB	ECU 200	1995	9 1/4	100	9 1/4	103	Noncallable.
South African Transport Services	ECU 50	2000	10 1/2	100	10 1/2	—	Callable and redeemable at par in 1990 and 1995.
Bank of Tokyo	CS 75	1992	10 1/2	100	10 1/2	99.50	Noncallable.
Marubeni	CS 200	1992	11	100 1/2	10.89	98.83	Noncallable.
Trizec	CS 60	1995	11 1/2	100	11 1/2	98	Noncallable. Payable March 15.
ITT	Y 20,000	1992	6 1/4	100	6 1/4	97.75	Noncallable.
Lease Plan Holding	DF 30	1990	7 1/4	99 1/2	7.37	—	Noncallable.
EQUITY-LINKED							
Mitsubishi Electric	\$100	2000	open	100	—	—	Semiannual coupon indicated at 2 1/2%. First callable at 104 in 1988. Convertible at an anticipated 5% premium. Terms to be set Jan. 31.
Pasco	\$20	2000	open	100	—	98.25	Coupon indicated at 3 1/2%. First callable at 103 in 1990. Convertible at an anticipated 5% premium. Terms to be set Jan. 28.
Boyer Capital	DM 600	1995	2 1/4	100	2 1/4	97	Noncallable. Each 1,000-mark bond with 2 warrants exercisable into a total of 6 Boyer shares of 168 marks each.
Chujitsuya	DM 70	1990	open	100	—	96	Coupon indicated at 4%. Each 5,000-mark bond with one warrant exercisable into an equal amount of company's shares at an anticipated 2 1/2% premium. Terms to be set Jan. 28.
Jufo Paper	DM 120	1991	open	100	—	95.50	Coupon indicated at 3 1/2%. Noncallable. Each 5,000-mark bond with one warrant exercisable into an equal amount of company's shares at an anticipated 2 1/2% premium. Terms to be set Jan. 29.
Kobe Steel	DM 200	1990	3 1/4	100	3 1/4	96	Noncallable. Each 5,000-mark bond with one warrant exercisable into company's shares of 155 yen a share, a 2.87% premium. Exchange rate set at 80.73 yen per mark.
Trio-Kerwood	DM 55	1990	open	100	—	—	Coupon indicated at 3 1/2%. Noncallable. Each 5,000-mark bond with one warrant exercisable into an equal amount of company's shares at an anticipated 2 1/2% premium. Terms to be set Jan. 31.
Minebea	£ 50	1990	open	100	—	—	Coupon indicated at 8 1/4%. Noncallable. Each bond with one warrant exercisable into company's shares at an expected 2 1/2% premium. Terms to be set Feb. 1.

Notes, Bonds Post Slight Gain in Yields

By Michael Quint
New York Times Service

NEW YORK — After falling sharply earlier in the week, yields on Treasury notes and bonds rose slightly Friday.

Government securities dealers attributed the slight rise in yields and drop in prices to a willingness of some speculators to take profits rather than to any change in the outlook for interest rates.

U.S. CREDIT MARKETS

dealers expect the Treasury to announce early February auctions totaling about \$17.75 billion, divided between issues due in three, 10 and 30 years.

By late Friday, the Treasury's 11 1/2-percent bonds due in 2014 were offered at 104 1/2 to yield 11.18 percent, down from Thursday's close of 104 30/32. A week earlier, the Treasury's bellwether bond was offered with a yield of about 11 1/2 percent.

The 11 1/2 percent notes due in 1994 were offered at 103 1/2, down 6/32, to yield 10.95 percent, and the 11-percent notes due in November 1987 were offered at 102, down about 1/4-point, to yield 10.14 percent.

Elsewhere in the Treasury market, Lazard Fr res began marketing \$1.3 billion of zero-coupon bonds consisting of interest and principal payments from \$400 million of 11 1/2-percent Treasury bonds due in 2004.

The so-called "early-bird" receipts will be replaced in May by Treasury obligations.

Lazard did not publish any prices, but zero-coupon securities due in about five years were offered in the wholesale market at about \$58, or \$580 per \$1,000 face amount, to yield 11.10 percent, while 10-year issues were at \$33 to yield 11.35 percent, 15-year issues were \$19 to yield 11.35 percent, and 20-year issues were slightly over \$11 to yield 11.25 percent.

Investment bankers, who handled roughly \$2.2 billion of new corporate issues in the last week, said the recent decline in interest rates had caught the attention of corporate treasurers who wanted to refinance short-term borrowings or refund outstanding debt sold when interest rates were much higher.

The desire to refinance high-interest debt was the catalyst for last week's \$200-million issue of New England Telephone debentures yielding 12.17 percent and Mountain States Telephone's \$175 million of debentures yielding 12.30 percent.

New England Telephone is offering to buy its \$150 million of 15 1/2-percent debentures due 2018 at a price of \$1.175 per \$1,000 face amount through Goldman, Sachs, while Mountain States is offering \$1.175 per \$1,000 for its \$200 million of 15 1/2-percent debentures due in 2021 through Salomon Brothers.

American Telephone & Telegraph Co. also announced plans to reduce its debt expense by retiring old, high-interest debt of the Pacific Telephone & Telegraph Co.

U.S. Consumer Rates

For Week Ended Jan. 25

Passbook Savings	5.50 %
Tax-Exempt Bonds	9.21 %
Money Market Funds	9.93 %
Bank Money Market Accounts	8.10 %
Home Mortgages	13.84 %

Investors Rush to Buy High-Yielding Securities

(Continued from Page 9)

skirting the standard restrictions on buying foreign-currency securities. (Paper issued by Japanese firms are not included in the restrictions.)

As a result, Japanese companies have been able to market paper bearing coupons from 1/4-to-1/2 percent below what other borrowers have had to pay. But the domestic demand for this paper is rapidly diminishing in light of discussions now under way in Japan to raise the ceiling on foreign investments from the current 10 percent to 15-to-20 percent.

Thus, Nissho-Iwai's \$100 million of 10 1/2-percent notes, Toyo Menka's \$50 million of 10 1/2-percent paper, Marubeni's 200 million Canadian dollars of 11-percent notes and Bank of Tokyo's 75 million Canadian dollars of 10 1/2-percent paper all traded at substantial discounts.

Zero-coupon bonds have also been suffering from changes in Japanese regulations. Normally, as interest rates decline, as they have been doing, the price of zeros should rise. But in fact, the prices have barely moved in anticipation of substantial selling out of Japan. The Japanese were the biggest

single buyers of zeros, in no small part thanks to the very favorable tax treatment (exempt from the capital-gains tax). The Finance Ministry is currently proposing to tax these gains and Tokyo analysts expect the measure if approved by the cabinet and the Diet, or parliament, could come into force starting next year. While there have been no substantial sales of zeros from Japan yet, dealers are clearly afraid that rising prices could trigger an avalanche of sales.

Even more under water were the Deutsche-mark denominated paper by Japanese companies carrying warrants to buy stock. The warrants cannot be sold in Japan because they are not listed securities and the bonds-cum-warrants are shunned because Japanese investors do not want the exposure to the mark. As the issuers are not the "very" high-tech companies sought by international investors but rather unexciting Kobe Steel, Jujo Paper or Chujitsuya (supermarkets), the paper is languishing at very substantial discounts of around 4 percent.

The other paper on offer in the DM sector traded better, but with difficulty. Both Sweden and the World Bank tapped the market for

500 million DM each with 10-year bonds bearing coupons of 7 1/4 percent. This was uncomfortably close to the new, higher level on federal government bonds, priced Friday at 7.21 percent, up about 1/4-point from the previous government issue.

In addition, there remains considerable uncertainty about whether the Bundesbank will not be forced to raise interest rates to protect the value of the mark on the foreign-exchange market. As a result of these worries plus the weak performance of the mark against the dollar, foreign investors are not buying DM bonds and domestic investors are not attracted to what they consider stingy terms on the foreign issues.

The star performer of the week was the European Investment Bank's 200 million, 10-year bonds denominated in European Currency Units. The bulk of the issue was targeted for sale within France, where the authorities have exempted ECU bonds offered by European Community institutions from domestic foreign-exchange controls. As a result, French investors can buy such targeted ECU bonds at the normal commercial-exchange rate for the ECU without

first having to pay the so-called investment dollar. The premium on this investment dollar was about 10 percent last week.

Investors flocked to this first opportunity to diversify out of the franc without having to pay the premium and the price of the bonds, offered at par with a coupon of 9 1/4 percent, rose to 105 before ending the week at 103. The decline, bankers said, was a function of the drop in the investment-dollar premium to around 8 percent.

The coupon was about 1/4-point below what the EIB would have had to pay to market the bonds — at what would have been very aggressive terms — if it had been a truly international issue. The EIB resisted the temptation of an even lower coupon — as the secondary-market performance has indicated would have been justified — to assure a decent price for the paper in the event French foreign-exchange controls are lifted.

Lead manager Banque Nationale de Paris said it reserved two-thirds of its sales to individuals.

The first Japanese borrower to tap the ECU market is expected to be Seiyu, an urban chain-store group, which is to offer 30 million of five-year notes.

New Issue

All the securities having been sold, this advertisement appears as a matter of record only.

NEW ZEALAND STEEL DEVELOPMENT LIMITED

Glenbrook, South Auckland, New Zealand

Swiss Francs 70,000,000

5 1/2 % Swiss Franc bonds of 1984 due 1996

guaranteed by

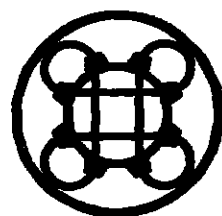
Her Majesty the Queen in Right of New Zealand

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SAMUEL MONTAGU (SUISSE) S.A.
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NORDFINANZ-BANK Z RICH
THE ROYAL BANK OF CANADA (SUISSE) S.A.
SANWA FINANZ (SCHWEIZ) AG
SOCIETE G N RALE ALSACIENNE DE BANQUE
— GROUPE SOCIETE G N RALE —
TAIYO KOBEN FINANZ (SWITZERLAND) LTD

December 1984

New Issue

All the securities having been sold, this advertisement appears as a matter of record only.



Industrialization Fund of Finland Ltd

Helsinki, Finland

Swiss Francs 40,000,000

5 1/2 % Swiss Franc Bonds of 1984 due 1994

unconditionally guaranteed by the

REPUBLIC OF FINLAND

BANQUE GUTZWILLER, KURZ, BUNGENER S.A.
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INTERNATIONALE GENOSSENSCHAFTSBANK AGBANCA DI CREDITO COMMERCIALE E MOBILIARE
BANCA SOLARI & BLUM S.A.
BANK IN HUTTWIL
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BANK OF LANGNAU
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ST. GALL CREDIT BANK
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SOCIETA BANCARIA TICINESE
SPAR-UND LEIHKASSE SCHAFFHAUSEN
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KREDIETBANK (SUISSE) S.A.CLARDEN BANK
LLOYDS BANK INTERNATIONAL LTD
AMRO BANK UND FINANZ
ARMAND VON ERNST & CIE AG
BANCO DI ROMA PER LA SVIZZERA
BANQUE CIAL (SUISSE)
— Cr dit Industriel d'Alsace et de Lorraine S.A. —
BANQUE G N RALE DU LUXEMBOURG (SUISSE) S.A.
BANQUE INDOSUEZ — Swiss Branches
BANQUE MORGAN GRENFELL EN SUISSE S.A.
CAISSE D'EPARGNE DU VALAIS
FUJI BANK (SCHWEIZ) AG
GEWEREBANK BADEN
HYPOTHEK-UND HANDELSBANK WINTERTHUR
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YAMAICHI (SWITZERLAND) LTD

December 1984

FRN Market Is Boosted by Paucity of Bank Assets

(Continued from Page 9)

banks need to be seen increasing their profits.

But traditional loan demand everywhere is weak. The best clients are tapping the capital markets at the same time as they are running down their bank lines. And as a result, banks are scrambling to buy FRNs.

Although the nominal margins in most cases remain thin, banks can squeeze out extra profits due to the currently steep yield curve which has pushed the cost of one-month Eurodollars (8 1/16 percent on an annual basis) comfortably below the three-month rate (8 3/16 percent) and well below the six-month rate (8 7/16 percent).

Banks funding themselves with one-month funds can thus lock in an extra profit buying floaters that pay a coupon based on the three- or six-month rate. In addition, there is

another 1/4-point to be picked up in the difference between the bid rate (at which banks take large deposits) and the offered rate.

Belgium's current \$400-million FRN is structured in this way. Interest on the 15-year paper is to be set at the higher of either one-month Libor or six-month Libor (the average of the bid-offered rate). The interest is payable semi-annually but the coupon is adjusted monthly.

On Friday, one-month Libor was 8 1/16 percent and six-month Libor was 8 7/16 percent.

Thus, had the coupon been set then, Belgium for the next month would be paying interest of 8 9/16 percent while banks could fund themselves at the one-month bid rate of 8 1/16 and pocket 1/4-point profit as well as the annual 5.7 basis points in front-end fees.

In return, Belgium is getting the lowest cost of funds it has yet achieved in the FRN market.

Greece, in its second foray into this market, is borrowing \$100 million more than its maiden issue a year ago.

It has secured a two-year increase in maturity to 12 years and cut its front-end fees to 1.45 from 2 percent paid previously. The 1/4-point margin over six-month Libor is unchanged, although last year the coupon was adjusted every three months.

Of the U.S. bank offerings, Wells Fargo's was the best received and increased \$100 million from the initial indication.

Chemical Bank's thinner margin and skimpier front-end fees meant a poor initial reception while First Bank System and Shawmut ran into the traditional resistance of European banks to lend to the less well-known regional banks.

The latest wrinkle in the FRN market are what bankers call "caps" and "collars."

Guest, Keen & Nettlefolds said last week that it had arranged an interest-rate cap with Nordic Bank,

which will insure a \$50-million five-year loan and a \$25-million four-year loan against an increase of more than 2 percentage points above six-month Libor.

GKN said the cap is below the rate at which it could have borrowed fixed-rate dollars over the same period.

Adding the undisclosed annual fee it pays for the cap, GKN said, brings the cost roughly equal to what it would pay for fixed-rate funds. On the other hand, if interest rates drop, GKN will have secured its money at a considerable saving over what it would have paid for fixed-rate funds today.

GKN could have "colored" the loan by agreeing to split with Nordic Bank any decline below six-month Libor.

That, in effect, would have lowered the cost GKN paid for the cap, but also would have limited the potential saving if rates ultimately plummeted.

The long tenor of the GKN cap surprised many bankers, who said that three years was the more normal maximum maturity.

One expert who asked not to be identified estimated that a three-month cap would cost the borrower about 40 basis points and a cap for two three-month periods would cost 66 basis points.

"It's a pure punt on interest rates," one banker said of the concept, adding that it is "yet another example of banks looking to generate fee-income."

Meanwhile, the Euronote market, which was stunned into inactivity following the almost invisible margins proposed late last year by Nestlé, is reviving.

Volvo is canceling an undrawn \$70-million facility arranged in late 1983 and replacing it with a \$150-million five-year standby loan which will be used to support its sale of commercial paper in New York or as a revolving credit. In addition it is arranging a note

placement facility of up to \$150 million.

Participants will be obliged to provide the funds on the standby loan but are under no obligation to bid for Euronotes. In addition, no more than \$75 million of the committed credit can be drawn as a revolving credit.

On the standby facility, Volvo will pay an annual fee of 1/16 percent on the \$75 million made initially available and 1/32 percent on the reserved amount.

The amount available can be augmented any time, but once activated the funds cannot be put back into the lower cost reserve component. Banks will also earn a front-end fee of five basis points.

Drawings on the revolving credit, for periods up to six months, will cost 1/16 percent if less than one-third of the amount is used, 1/8 percent if up to two-thirds is drawn and 3/16 percent if more than that is tapped.

Drawing on the swingline (up to seven days) to repay maturing commercial paper will cost Volvo 1/4-point over Bank of America's prime rate.

The structure is designed to give Volvo a very low cost line of credit if money is never borrowed from the banks but to give the lenders what lead manager Bank of America calls a "reasonable return" if the credit is drawn.

Alcoa of Australia is arranging a \$400-million, seven-year facility on which it will pay an annual underwriting fee of 10 basis points.

Utilization fees can run up to 1/2 percent and notes will be offered at a maximum rate of 15 basis points over Libor. Banks can also earn up to 15 basis points by proving letters of credit to back up the sale of commercial paper in New York.

The Greek oil refinery Hellenic Aspropyrgos is seeking to arrange a \$200-million, two-year bankers' acceptances facility.

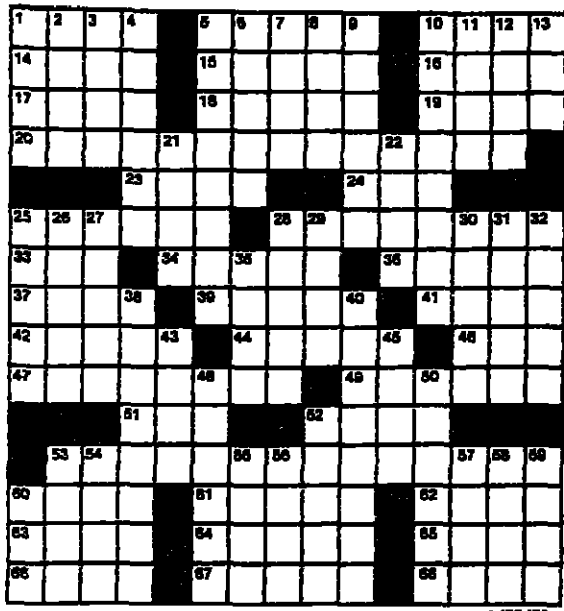
Surplus on Trade Narrows in U.K.

The Associated Press

LONDON — Increased oil imports, attributed to the coal-miners strike, narrowed Britain's current account surplus to £193 million (\$214.2 million) in December from £278 million in November, according to the Department of Trade and Industry.

For all of 1984, the surplus in the current account — which measures trade in goods and services as well as interest, dividends and certain transfers — shrank to £196 million from £2.3 billion in 1983, the ministry reported Friday.

For the year, a \$4.14-billion excess of imports over exports was more than made up for by a \$4.34-billion surplus in nonmerchandise trade. In December, a nonmerchandise-trade surplus of \$400 million offset a merchandise-trade deficit of \$207 million.



ACROSS

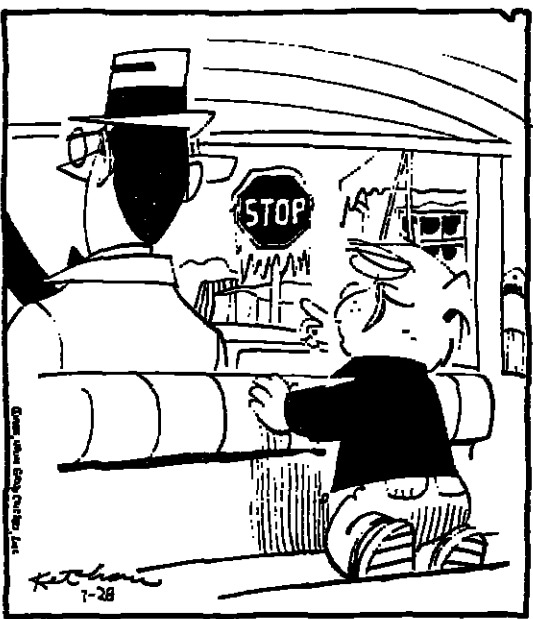
1 Ancient Syria
5 La... Milan
10 Hyde or Central
14 Weighty work
15 Group of speakers
16 Woodwind with nasal tones
17 Had creditors
18 Relating to eight
19 Cinder
20 Start of a line by Tennyson
22 Quote
24 Pop
25 Chant
28 Lofy
33 Portuguese saint
34 Kelly or Moore
36 The clear sky
37 Food fish
38 More painful
41 Seine feeder
42 Calamities
44 Some subs
46 "Cava"
47 Misdeeds
49 Poked quickly
51 "Maria"
52 Toothed item

DOWN

53 End of 20
54 Cab
55 Des Moines native
56 Utilizer
57 Capital of South Yemen
58 Aromatic plant
59 Close
60 "Let freedom
61 Disabled
62 souci
1 Minute particle
2 Up-front group of seats
3 So be it
4 Italian doctor
5 Shoplifters
6 Hidden stores
7 Pot builder
8 Girl's name meaning "weary"
9 Refer (to) indirectly
10 Be subsequent to
11 Qualified
12 Leo's lament
13 Ten-gallon cask
21 "Of Thee
22 Hub of a wheel
23 Surrounded by water
24 Ingenious
27 Gin and
28 Belges
29 Onionlike herb
30 Little Tom
31 Spooky
32 Fear greatly
33 First-class
38 Coruscant
40 Answered
43 Hindu god
45 Certain U.S. weapons
46 Pardonable
48 Riffes kid brothers
52 Thriller episode
53 Gully, usually dry
54 Conestoga team
55 New Rochelle college
56 Sink or
57 On the Coral
58 Shabby
59 Makes mistakes
60 Gob

New York Times, edited by Eugene Malachuk.

DENNIS THE MENACE



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

GEDEH
SMACH
MAJEST
GOOLIG

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: OF HIS

(Answers tomorrow)

Friday's Jumbles: CROON ABYSS MODIFY NOODLE
Answer: How spring often arrives—"SODDEN-LY"

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	13	8	Cairo	20	15
Amsterdam	10	5	Hong Kong	21	16
Athens	17	12	Manila	27	22
Berlin	14	9	New Delhi	28	23
Bombay	28	23	Singapore	30	25
Buenos Aires	18	13	Tokyo	20	15
Calcutta	28	23			
Canton	18	13			
Chongqing	18	13			
Cebu	28	23			
Colon	18	13			
Hankow	18	13			
Hong Kong	21	16			
Kobe	20	15			
London	10	5			
Lyons	10	5			
Manila	27	22			
Medan	28	23			
Osaka	20	15			
Paris	10	5			
Perth	18	13			
Port of Spain	18	13			
Rangoon	28	23			
San Francisco	18	13			
Shanghai	18	13			
Singapore	30	25			
Sourabaya	28	23			
Taipei	28	23			
Tientsin	18	13			
Yokohama	20	15			

PEANUTS



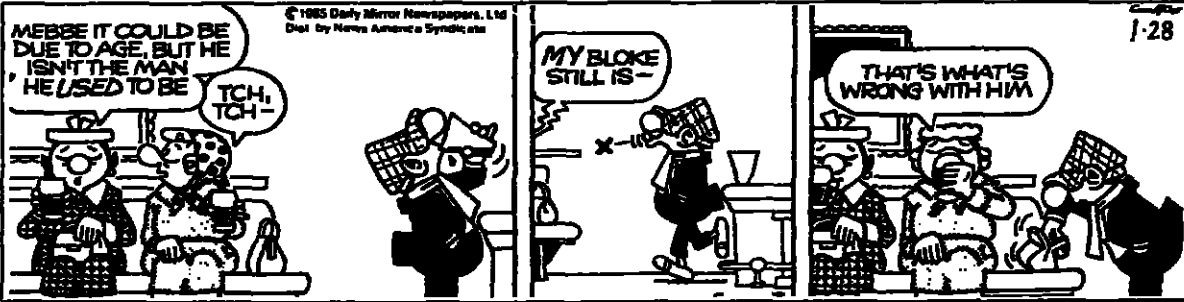
BLONDIE



BETTY BAILEY



ANDY CAPP



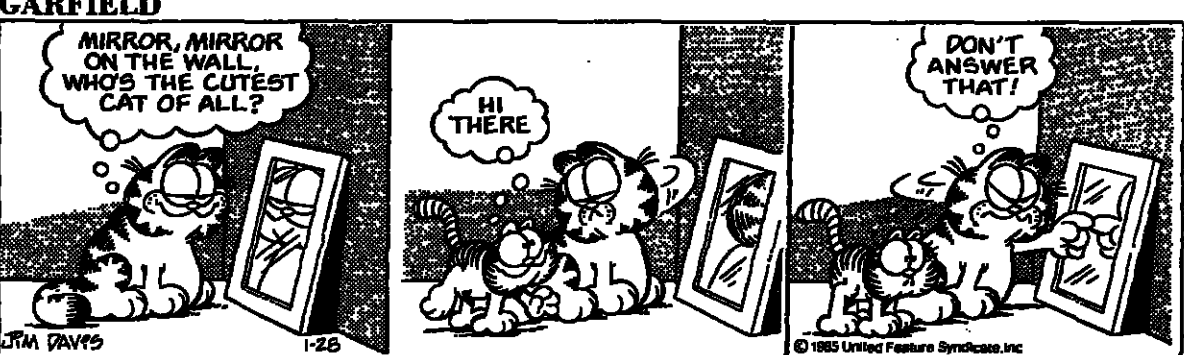
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REX MORGAN



GARFIELD



SPORTS BRIEFS

East Germans Finish 1-2 in 4-Man Bobsled

CERVINIA, Italy (UPI) — Bernhard Lehmann led East Germany to a 1-2 finish Sunday in the four-man event at the world bobsled championships, on a day marked by two spectacular crashes.

Lehmann, driving East Germany's first sled, clocked an aggregate time of 4 minutes, 14.06 seconds for four runs over two days on Cervinia's 1.5-kilometer (0.925-mile) Lac Bleu course. In second place was the second East German sled, driven by Deller Richter, in 4:14.63. Switzerland's 1, piloted by Silvio Giobellina, finished third in 4:14.81.

The driver of Japan's No. 1 sled, Hiroshi Otachi, was treated for shock and facial cuts at a hospital, after his sled flipped out of the finishing curve. Brakeman Naomichi Takewaki hurt his shoulder in the crash. Shortly afterward, West German crewmen Franz Neisner and Ewe Eisenreich were treated for knee injuries at the trackside clinic, after the first West German sled crashed at the same curve.

Brazil Fan's Bequest Was Overestimated

RIO DE JANEIRO (AP) — The lawyer for a deceased millionaire has deflated the hopes of a small soccer club that had expected to receive as much as \$140 million from the man's will.

The lawyer, Luiz Fernando Arruda, said Friday that the estate of the millionaire, Luis da Silva, was far less than the \$300 million that the Bangu athletic club's lawyers had mentioned. "We think that, at the absolute maximum, it did not exceed 10 billion cruzeiros," or about \$3 million, Arruda said.

Da Silva, a lifelong fan of Bangu, a modest soccer club in an industrial suburb of Rio, willed about half of his fortune to the club. Arruda said the exact sum Bangu would get would be known after da Silva's holdings are inventoried. But in any case, he said, the Bangu figures were "unreal."

Valenzuela Among 97 Seeking Arbitration

NEW YORK (AP) — Los Angeles Dodgers pitcher Fernando Valenzuela, whose \$1-million contract in 1983 was the largest ever awarded by an arbitrator, headed a list of 97 players who have filed for salary arbitration.

The 97 players who had filed by Friday night's deadline compared with 80 in 1984. Among those joining Valenzuela in filing were Detroit Tigers outfielder Kirk Gibson, the Most Valuable Player in the American League playoffs, Leon Durham of the Chicago Cubs and Kent Hrbek of the Minnesota Twins.

Drug Use Said to Rise Among U.K. Athletes

LONDON (Reuters) — Drug use among British athletes is increasing because of the lure of big prize money. The Sunday Times reported. It quoted Paul Dickinson, a former hammer thrower, as saying that up to 60 percent of the country's international athletes had used drugs.

"The inspiration behind the drug-taking is that athletics now means big money — but only for winners," the newspaper said. It identified steroids and amphetamines as the main drugs used by world-class British athletes.

Gretzky Sets 3-Goal Mark As Oilers Win

EDMONTON, Alberta — Wayne Gretzky broke another NHL record Saturday, with his 33rd career hat trick in a 6-3 Edmonton Oilers triumph over the Pittsburgh Penguins.

Gretzky, who was celebrating his

NHL FOCUS

24th birthday, moved ahead of the New York Islanders' Mike Bossy and the retired Phil Esposito for the NHL record for games in which he has scored three goals or more.

On Friday in the NHL, it was Quebec 4, Buffalo 2; Pittsburgh 6, Calgary 6; St. Louis 6, Los Angeles 3; Edmonton 4, New Jersey 2, and Vancouver 7, Winnipeg 4.

Elsewhere on Saturday, it was: Hartford 3, Boston 2; Washington 5, the New York Islanders 1; Montreal 3, the New York Rangers 2; Calgary 6, Vancouver 2; Chicago 5, Toronto 2; Detroit 4, Minnesota 4, and Los Angeles 7, St. Louis 3.

After the Oilers-Penguins game, Gretzky said: "The big thing Wayne Gretzky would like to do is score 100 goals in a season. I know it sounds crazy but someone will score 100 goals in a season and I hope I'm the one."

The three goals also gave Gretzky 52 goals in 49 games, marking the third year he has scored 50 goals in less than 50 games.

Gretzky set the league record for most goals in a season in 1981-82, with scored 92 goals.

The Oilers jumped to a 2-0 lead on first-period goals by Glen Anderson at 6:41 and Gretzky at 12:48 before the Penguins scored twice to tie the score.



Helmut Höflehner of Austria is airborne enroute to his downhill victory at Garmisch.

Girardelli, Höflehner Win Weekend Races

GARMISCH, West Germany — World Cup leader Marc Girardelli sped powerfully to victory in the men's super-giant slalom Sunday to notch his seventh win of the season.

The muscular, blond 21-year-old, who was born in Austria but skis for Luxembourg, brushed aside all opposition to clock a minute 34.09 seconds on the 2,200-meter Kreuzeck course at Garmisch-Partenkirchen in the Bavarian Alps.

Second was Andreas Wenzel of Liechtenstein with 1:34.26 and West German Haas Stuffer grabbed a surprise third place with 1:34.59.

On Saturday, Austrian downhill ace Helmut Höflehner warmed up for next week's world championships by cruising to his third World Cup victory of the season.

In near-perfect conditions, he powered down Garmisch-Partenkirchen's 3,320-meter Kreuzeck track in a blistering 1 minute 54.56 seconds. The 26-year-old Austrian was a fifth of a second ahead of Switzerland's Peter Mueller (1:54.78) with Anton Steiner of Austria placing third with 1:55.23.

Olympic champion Bill Johnson of Malibu, Calif. finished 17th.

At Arosa, Switzerland, West German Marina Kiehl, ignoring protests and a strike by rival skiers, surged to victory in a World Cup supergiant slalom race, taking 1 minute 25.07 seconds to cover the 1,460-meter long course, which had a vertical drop of 370 meters and 37 gates.

Wind gusts and shifting for banks marred the race and caused 36 competitors to withdraw. Another 14 dropped out, while three were disqualified.

The head coaches of both the French and Austrian teams filed an official protest with the International Ski Federation, asking that the results not be validated.

BOOKS

EQUAL DISTANCE

By Brad Leithauser. 351 pp. \$17.95. Knopf, 201 East 50th Street, New York, N.Y. 10022

Reviewed by Christopher Lehmann-Haupt

"FLAVOR is Nature's way of telling you something isn't good for you," quips Greg Blasing to protagonist Danny Ott at a typically whimsical moment in Brad Leithauser's "Equal Distance." It is one of Greg's favorite maxims — others being "No excessive excess is worse than moderation," "Whatever path you take, it feels like the wrong one" and "Fecklessness should be pursued feckfully."

But Greg's flavor maxim fails miserably when applied to this remarkable first novel. For rarely does one come across a work of fiction so singular for the variety of pungent flavors it succeeds in conveying — the flavors of food, of drink, of travel, of nature, of friendship, of family, of youth, of love and most particularly of contemporary Kyoto where Danny Ott and his expatriate American friends spend most of the year that "Equal Distance" encompasses.

And not only is the book delicious to savor, but it also leaves you with the sense that you've been touched by a whole new generation of young Americans — the post-1960s generation — children disillusioned with the sins of the American past, yet bent on overcoming them with the force of their intelligence and ambition.

There is a rudimentary plot to "Equal Distance," the first work of fiction by a published poet ("Hundreds of Fireflies") and former law student who has already won every sort of award for his writing from a Guggenheim to a MacArthur Fellowship. Daniel Chapman Ott ("Ott is exactly it") is taking a year off from his Harvard law studies to live in Kyoto, learn Japanese, assist a Japanese professor in his study of international law, complete a thesis on the nature of free will, and generally to improve himself.

But his straitlaced plans are derailed by loneliness, news of his parents' marital split, and the dissipative friendships of Greg Blasing, he of the comic maxims, and Carrie Pingree, an updated mixture of Lady Brett Ashley and Daisy Buchanan. For his sins and those of his companions, Danny eventually makes a pilgrimage to Hiroshima, though any excessive piety in this gesture is nicely balanced by the ruminations of Danny's father, Alec Ott, who

gets the last word in the book, recalling the utterance of his service in World War II's Pacific campaign.

Several themes are also explored, chief among them the legitimacy of international law, whose absolute principles Danny's unbending Japanese mentor strives to uncover, while Danny, feckfully pursuing fecklessness, seems to arrive at the answers contained in the volume of Thomas Hobbes's "Leviathan" that he uses mainly as a stash for marijuana.

Still, it is the flavors of "Equal Distance" that make it such a pleasure to read — the flavors of its supple, intelligent prose, of its artfully individualized characters, of its charming talk and of its endlessly inventive comic detail. I for one was charmed by the mind-games that Danny Ott plays with himself: he wonders at what point he would notice the change if the Kamo River were to widen by five feet a day, or what the world would be like if all its men were Danny Ott.

I was amused by the way Greg Blasing talks, especially when under the influence. "I teach. I run. I walk around. I eat fruit," he explains when Danny asks him how he spends his time in Kyoto. "I drink too much. I read. I go to bars and try, for the most part with extreme fecklessness, but now and then with heartening success, to pick up Japanese women."

I laughed out loud at Greg's plan to "take some very famous, swanky restaurant, in Manhattan or Georgetown, say, prestigious as hell, the kind of place where they set out all sorts of fancy bread and stuff nobody touches, and down below, in the basement, you open a restaurant where you peddle the leftovers." "Greg's Good Used Food," he'd call it. "Serving Only What's Still Basically Fit to Eat." Or the scene in which Danny and Carrie lose a coin in a soda machine they discover in a Buddhist temple, and approach a wizened priest for help.

"You want Fanta Orange?" the priest asked in English. The brand name, particularly, sounded incongruous on his lips. "Coca-Cola," Danny corrected guiltily. "Or anything. Please. In the next moment — as quietly and beautifully comic as any in Danny's life — this ancient priest in the apricot robe dealt the machine a savage kick with his wooden clog, pressed the Coke button, turned as the can fell with a responsive clang, tranquilly nodded, clapped away."

This is a perfect epiphany of contemporary Japan, but then everything upon which Leithauser casts his antic eye seems to transform itself into its essence, be it comic or pathetic, ugly or beautiful. His appetite for the world appears to be insatiable, and his capacity to make it into language entirely without limit. "It was an absolutely immense stroke of good fortune on your part to run into me," Greg says to Danny early in their friendship, only half kidding himself. Leithauser could say the same thing to his readers, but in all sincerity. I look forward immensely to the next encounter.

Christopher Lehmann-Haupt is on the staff of The New York Times.

Signature Key to Identifying a Renoir

Agence France-Press
MOSCOW — A painting discovered in Leningrad 50 years ago has been authenticated — by criminologists — as being by Auguste Renoir. Tass has reported. The Leningrad collector who owns the painting had consulted experts at the Louvre trying to authenticate it. He finally sent a file of Renoir signatures to several criminologists, who said the signature on his painting was genuine, Tass said.

BRIDGE

By Alan Truscott

ON the diagrammed deal both teams bid ambitiously to six no-trump. In the auction shown, North should have been content to bid a natural four no-trump at his second turn leaving the last word to South. His two-club bid was a check-back, and four diamonds was a substitute for Roman key-card Blackwood. The reply showed three key cards plus the trump queen.

When a club was led to dummy's king, South recognized that he would need some good luck in both red suits. He correctly decided that the hearts

could wait and boldly led a diamond toward the king. This was a success as far as it went, with the ace in the East hand, but the bad break in hearts was going to shipwreck the slam, barring some double dummy play.

However, East came to the rescue by putting up the diamond ace. This might have been right in other circumstances, but it was quite wrong here. South subsequently cashed all his black-suit winners, and East could not stand the pressure in the red suit. The slam was made because East had arranged to squeeze himself.

NORTH		EAST	
♠ A Q J 5		♠ K 8 7 6 5 4	
♥ A 7 4		♥ J 9 8 7 6 5 4	
♦ A 8 7 4		♦ A 1 1 3 2	
♣ A K		♣ 7 5	

SOUTH (D)		WEST	
♠ K 8 7 6 5 4		♠ A Q J 5	
♥ J 9 8 7 6 5 4		♥ A 7 4	
♦ A 1 1 3 2		♦ A 8 7 4	
♣ 7 5		♣ K 8 7 6 5 4	

North and South were vulnerable.

The bidding:

South	West	North	East
1♠	Pass	1♠	Pass
2♠	Pass	2♠	Pass
3♠	Pass	3♠	Pass
4♠	Pass	4♠	Pass
5♠	Pass	5♠	Pass
6♠	Pass	6♠	Pass

West led the club suit.

